

THE

March, 1961

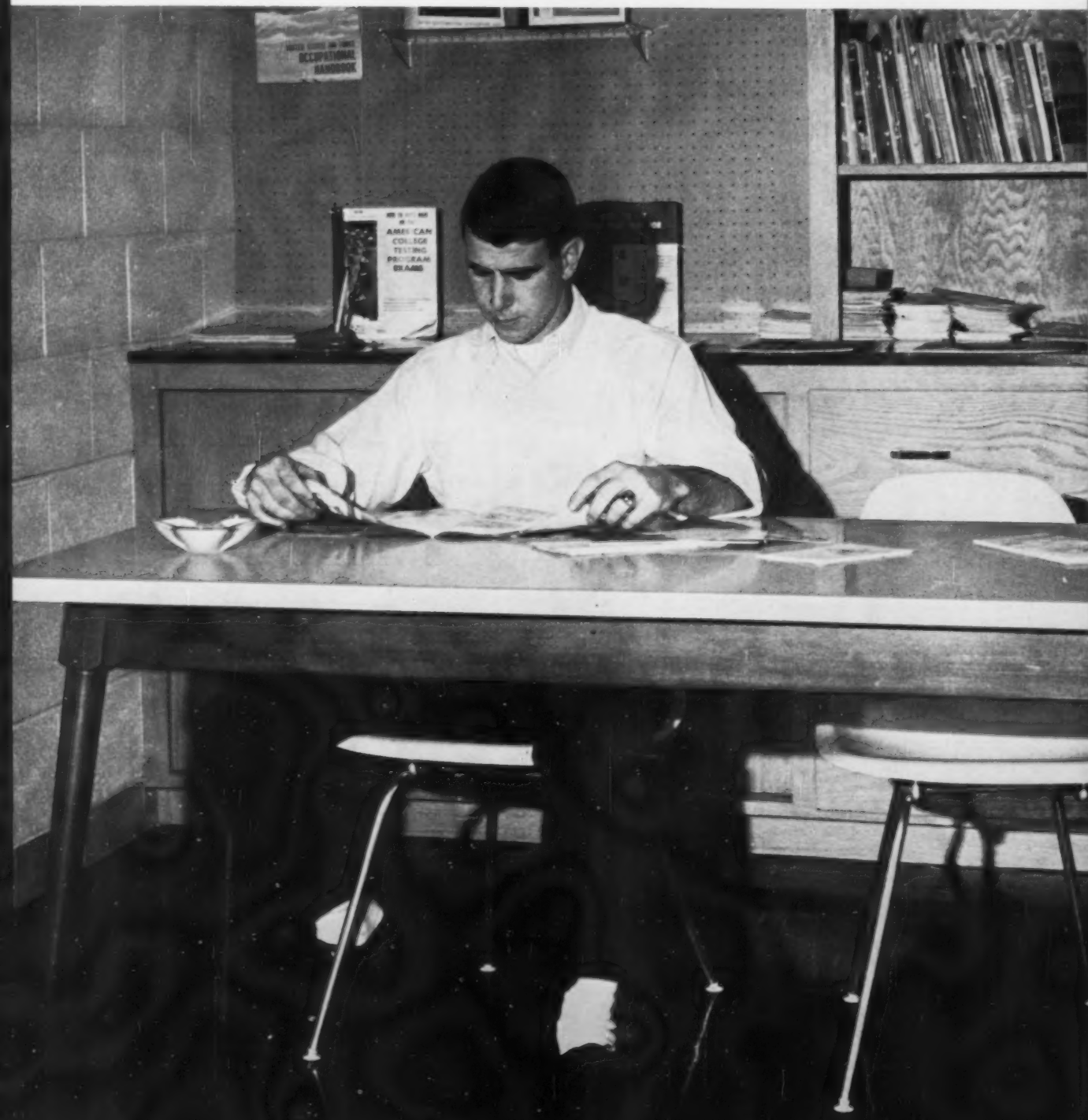
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Credit Union

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

Bridge



ON THE COVER

A library of materials on career planning is provided for members by Clyde Whirlpool. Here member Norman Noss makes use of it. See story, page 10.



The Credit Union

Bridge

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COMING SOON

Educational loans

Consolidation of debts



JOINT ACCOUNTS:

they're no substitute for a will!

Too many people have the idea that a joint account will take care of problems that only a will can solve. A joint account can even create new problems.

THE pros and cons of joint tenancy should be fully understood before opening a joint account.

That's the advice of ten experienced officers of credit unions, banks, savings and loan associations, mutual savings banks and a probate court.

During recent interviews with The Bridge, these officials emphasized that joint accounts have both advantages

and drawbacks. Said one of them: "In some cases, joint accounts serve a very useful purpose. But in many others, this type of account is less desirable. If the joint tenants fail to inform themselves fully concerning the legal status of their account, they may suffer disappointment and losses during their lifetime and create severe hardships for their survivors. Joint ac-

counts are not a suitable substitute for a will. They are not cure-alls. They should not be opened without contemplating the possible legal and financial consequences."

The ideas of the ten officials differ somewhat. But these differences lie in the area of individual approach and personal preference. All ten are in full

agreement as to the facts.

Here are their answers to more than a score of questions:

Q. Should married couples own everything jointly?

A. No. Such an arrangement might leave the family penniless in the event of attachment of the husband's property for responsibilities arising from a car accident or other personal or business liabilities.

Married couples in stable domestic situations should have all of their liquid savings in joint accounts with survivorship agreement — provided each has full confidence in the other's ability to handle the family finances. Such accounts should be marked "John Doe and/or Mary Doe."

Title to the home and other property should usually be vested solely in the wife. This protects the wife and children in the event of a suit against the husband or his business.

Q. Does a joint account eliminate the need for a last will and testament?

A. No. Every joint owner should make a will with the aid of his attorney. It is important to bring this will up-to-date from time to time so that it fully reflects the joint owner's wishes, obligations and financial circumstances.

"Although a person may own everything jointly with his wife," register of probate Eugene M. Haertle of Milwaukee County, Wisconsin, points out, "this will not take care of all possibilities. He may die in a car accident and his personal estate may be substantially increased through an award of damages. In the absence of a will, this money would have to go through probate. The deceased may have received an inheritance just prior to his death, which will belong to his estate and not to the joint tenancy. Some old stock investment, which was formerly considered worthless, may suddenly attain substantial value. These are just a few reasons why everyone should make specific provisions in a will for the disposition of his personal property."

Q. Is there a difference between a joint account in a credit union and a similar account in a bank, savings and loan associa-

State and provincial laws governing joint accounts vary. Each of these statutes is complex in its implications.

This article presents some of these implications. But only through thorough knowledge of the local statutes and decisions can credit union officers fully understand the legal and social impact of joint accounts in their own home area.

Throughout the article, the term "joint account" is used to refer to an account marked "and/or" or "or" with an agreement for joint tenancy and the right of survivorship.

tion or mutual savings bank?

A. No. The advantages of having a joint account are the same in each of these financial institutions. The disadvantages, too, are the same.

Q. Are husband and wife both members of the credit union when they become joint tenants?

A. No. A joint tenant is not automatically a member. Usually a joint tenant must be within the field of membership to become a member and have such membership rights as borrowing and voting.

Q. Can a joint account be seized in payment of taxes?

A. Yes. Also in payment of any other debt, both personal and business, of each joint owner and his family.

Q. Does the surviving joint owner have to pay inheritance taxes?

A. This depends on the local statutes and exemptions, the size of the account and estate, as well as the survivor's relationship to the deceased. Local exemptions vary from nothing to \$75,000. In many jurisdictions, the inheritance laws are based on the assumption that joint tenants share in the ownership of the account in equal parts. For example: if there are four joint tenants, each owns one-quarter; and if two persons share the account, they individually own one-half for inheritance tax purposes. Under such statutes, one-quarter, or one-half respectively, would be subject to inherit-

ance taxation, provided the amounts involved exceed the local exemption. But in most cases the exemption is high enough to relieve the joint tenants of the responsibility to pay this tax.

The federal inheritance tax laws proceed from an entirely different ownership theory. They presume that the deceased joint tenant owned the *entire* balance in the joint account. But only amounts above \$60,000 are subject to the federal tax.

Q. Is there any use for a joint account besides the husband and wife type?

A. Yes. Joint share accounts with survivorship agreements are useful for many special purposes, including: building up funds for minor children to be turned over to them at a later date; meeting needs of immediate relatives who are living together; facilitating the financial arrangements in father and son, single brother-and-sister and other close relationships; enabling persons not otherwise in the field of membership to accumulate credit union savings; making a sick or disabled person's savings available to a close friend for current expenses and burial purposes; and providing additional life savings insurance.

Q. What happens to the funds in a joint account in the event of a catastrophe which kills both joint tenants?

A. The funds in such an account become a part of the estates of the deceased joint owners. The joint share account agreement does not provide for this contingency. That's why it is important that each joint tenant prepare a will which directs the disposition of joint account funds in the event of a catastrophe.

Q. What happens to the home if it is not jointly owned and the wife predeceases the husband?

A. The home and other real and personal property not held jointly should be protected by reciprocal wills. This means that the husband makes a will in favor of his wife, and the wife makes a will of her own, in which she declares that she wishes her husband to inherit all of her real and personal property not otherwise devised. These are essentially simple

documents, but to be sure that they are in proper legal form, they should be prepared by an attorney. The cost of attorney fees is insignificant compared to the damage which can be done by an improperly drawn will.

Q. If one of the joint tenants dies can the survivor(s) take immediate possession of the balance in the account?

A. No. A limited form of probate is required under most state and provincial laws to release funds held in a joint survivorship account. But this release can usually be obtained almost immediately from the local tax authorities. Frequently, it is just a matter of minutes. This procedure stands in marked contrast to the legal requirements for the release of shares held in an account that is not joint. Funds held in such individual ac-

counts must often go through full probate proceedings before they can be released. Completion of these proceedings may take several months or even a year.

Q. If the husband should become ill, would the wife as joint tenant be able to make share withdrawals in the credit union?

A. Yes. That is one of the major advantages of a joint account. Illness aside, either tenant can make withdrawals at any time. There is no limit to the amount which either tenant may withdraw. Either tenant can close the account at will.

Q. If the husband is incapacitated, could the wife obtain a credit union loan on the strength

of her joint tenancy?

A. Not unless she is a member. But if she is a member, she can borrow and pledge all or part of the shares in the account for a loan to herself or someone else.

Q. Is it better to have a trust account or a joint account for a minor child?

A. That depends on the purpose and size of the account. If the funds are very substantial, or if they are the proceeds of an inheritance willed for the child's education, a trust account may be preferable because such an account would be protected from seizure for the parent's obligations. It would also be safeguarded from unwise withdrawals by the minor.

But a joint account may offer more advantages if the purpose is general thrift. Says Frank Gorsler, veteran treasurer of Cincinnati Chapter Credit Union and former president of the Ohio Credit Union League: "It is simpler to have a joint account. A trust account requires complicated formalities; for example, withdrawals by the parent for general family needs could be illegal. If the money is provided by the parent for the child's future, it is desirable that it should revert to the parent in the event of the child's death. This reversion of funds would take place automatically in a joint account. But in a trust account, the deceased child's funds would go into the child's estate, require probate proceedings and might ultimately return only in part to the parent."

Continues Gorsler, "If the account is to serve as a true trust account, it should be opened in a bank and not in a credit union. Few credit unions are set up to handle the legal details necessary for the proper administration of trust accounts. On the other hand, most banks have trust departments with specialized facilities to handle such accounts properly and efficiently."

Q. Should aged parents have joint accounts with their adult children?

A. "If the other children in the family know of this joint account, and there is a will with full provisions for the disposition of the parent's assets—then I would favor such an arrangement," says W. Robert Kusmer, man-

(Continued on page 20)

Signs of the times

Mortgage money is going to be easier during coming months than at any time since World War II, says financial columnist Sylvia Porter.

Rates are beginning to move downward, lenders are looking for borrowers, and some lenders say they are accepting borrowers they would have turned down last fall.

The demand for homes has been declining for some time, and savings have been piling up in banks and savings and loans associations; hence the market is taking on a complexion it hasn't had for many years, Mrs. Porter says.

* * *

The bankruptcy of the Sheldon National Bank of Sheldon, Iowa, due to the embezzlement of over \$2,000,000 by Mrs. Burnice Geiger, couldn't have happened in most credit unions.

The bank was protected by a woefully inadequate bond, and FDIC officials' faces are red, because FDIC examiners let the situation pass.

* * *

In most states insurance rates on compact cars will be 10 percent lower. New York State reductions will take effect March 1, and most other states will follow suit. Reason for the reduction is double: compact cars have less impact in collisions, and drivers of compact cars have turned out to be more cautious than average.

FIGURE YOUR

Table A applies to soft goods and furniture; Table B applies mainly to tools and appliances. Sears has a third table for home modernization loans, with rates running around 14 percent.

A

USE THIS CONVENIENT TABLE FOR REGULAR EASY TERMS

If Unpaid Balance Amounts to	We Shall Add for Credit Price	Amount Payable Monthly is
Up to \$10.00	10%	\$3.00
\$10.01 — 12.50	\$1.25	
12.51 — 15.00	1.50	
15.01 — 20.00	2.00	
20.01 — 25.00	2.50	4.00
25.01 — 30.00	3.00	
30.01 — 35.00	3.50	5.00
35.01 — 40.00	4.00	
40.01 — 45.00	4.50	
45.01 — 50.00	5.00	
50.01 — 60.00	6.00	6.00
60.01 — 70.00	7.00	7.00
70.01 — 80.00	8.00	8.00
80.01 — 90.00	9.00	8.50
90.01 — 100.00	10.00	9.00
100.01 — 110.00	11.00	10.00
110.01 — 120.00	12.00	10.00
120.01 — 130.00	13.00	10.00
130.01 — 140.00	14.00	11.00
140.01 — 160.00	16.00	11.50
160.01 — 180.00	19.00	12.50
180.01 — 200.00	21.00	14.00
200.01 — 220.00	23.00	15.00
220.01 — 240.00	26.00	16.00
240.01 — 260.00	30.00	17.00
260.01 — 280.00	33.00	17.50
280.01 — 300.00	36.00	18.50
300.01 — 320.00	38.00	20.00
320.01 — 340.00	41.00	21.00
340.01 — 350.00	42.00	22.00

Write for Terms over \$350

B

ONLY \$5 DOWN on items at left totaling over \$50 to \$200

If Unpaid Balance Amounts to	We Shall Add for Credit Price	Amount Payable Monthly is
\$50.01 to \$55.00	\$6.50	\$5.00
55.01 to 60.00	7.00	
60.01 to 65.00	7.50	
65.01 to 70.00	8.00	
70.01 to 80.00	10.00	
80.01 to 90.00	12.00	
90.01 to 100.00	14.00	
100.01 to 110.00	15.00	6.00
110.01 to 120.00	17.00	
120.01 to 130.00	19.00	7.00
130.01 to 140.00	21.00	
140.01 to 160.00	25.00	7.50
160.01 to 180.00	29.00	8.50
180.01 to 200.00	32.00	9.50

ONLY \$10 DOWN on items at left totaling over \$200

If Unpaid Balance Amounts to	We Shall Add for Credit Price	Amount Payable Monthly is
\$200.01 to \$220.00	\$35.00	\$10.50
220.01 to 240.00	38.50	11.50
240.01 to 260.00	41.50	12.50
260.01 to 280.00	45.00	13.50
280.01 to 300.00	48.00	14.00
300.01 to 320.00	51.00	15.00
320.01 to 340.00	54.50	16.00
340.01 to 360.00	57.50	17.00
360.01 to 380.00	61.00	18.00
380.01 to 400.00	64.00	19.00
400.01 to 420.00	67.00	20.00
420.01 to 440.00	70.50	21.00
440.01 to 460.00	73.50	22.00
460.01 to 480.00	77.00	23.00
480.01 to 500.00	80.00	24.00
500.01 to 520.00	83.00	25.00
520.01 to 540.00	86.50	26.00
540.01 to 560.00	89.50	27.00
560.01 to 580.00	93.00	28.00
580.01 to 600.00	96.00	29.00
600.01 to 620.00	99.00	29.50
620.01 to 640.00	102.50	30.50
640.01 to 660.00	105.50	31.50
660.01 to 680.00	109.00	32.50
680.01 to 700.00	112.00	33.50

Write for Special Terms on orders over \$700

PAYMENTS

$$I = \frac{2(yc)}{m(n+1)}$$

It's easy when you use the tables of the Sears catalog, but figuring the interest rate is another matter.

MILLIONS of people by spring 1961 must have studied the monthly payment tables in the Sears Roebuck catalog. Precious few have tried to figure out the true interest rates, and probably still fewer have succeeded. The new catalog came out last month, and although it contains a tandem bicycle for the first time in many years, there is nothing new in the easy payment tables.

Sears of course is one of the country's leading lenders. Two months ago it announced it was looking for somebody to discount over a billion dollars' worth of notes. No single corporation has done more, probably, than Sears to popularize installment buying by consumers, and nobody has ever accused Sears of unethical or deceptive practices.

Nevertheless, without being designed to mislead, the tables are confusing. They do a good job of telling the borrower what his monthly payments will be, but that is all they do. If you want to know how much you will pay in dollars and cents for a given amount of credit, and how much your monthly payments will be, the tables will tell you. You can also make a pretty good guess on how many monthly payments you will be required to make, although this isn't quite so clear. But if you want to know what the true interest rate is—so that you can decide whether to borrow or to use your savings for the purchase—you have to be quite a wizard.

For example, if you buy something like house paint or a sports coat (not

This formula is about the simplest available for figuring true interest rates. *I* stands for true interest rate. On the upper line, *y* stands for the number of payments in the year, and *c* stands for the cost of the loan in dollars and cents. On the lower line, *m* stands for the amount or principal of the credit, and *n* stands for the total number of payments in the contract. Thus in the first Sears example cited in the article, the formula would work like this:

$$I = \frac{2(12 \times \$3)}{\$25(7+1)} = 36 \text{ percent.}$$

appliances or power tools) on an installment contract, you will be financed according to table A. If your balance is \$25, you will be charged \$3, and you will be expected to make seven monthly payments of \$4 each. How does this work out as a true annual interest rate? The answer is, 36 percent.

This is the highest rate Sears charges, and it is unusual. On larger amounts, Sears' rates usually run from 20 percent down to 15 percent.

For example, if your balance is \$70 on an installment purchase, you will pay an additional \$7 credit charge, and the terms will be \$7 a month for 11 months. This is a rate of 20 percent even.

Again, if your balance is \$337, the charge will be \$41, and you will pay off in 18 months with even payments

of \$21. This figures out slightly higher than 15 percent.

Sears' rates vary, even within narrow brackets, because Sears does not charge on the basis of interest rates but by even dollar or half-dollar amounts. Sears might conceivably argue, as some retailers do, that there is no interest charged on Sears' credit—what you have is a time charge, which includes certain fixed book-keeping fees. However, this is of no real interest to the customer who wants to compare costs; costs are costs, whether you call them interest or time charges. If he can get competing lenders to quote him dollar costs for identical amounts and time periods, he can make an intelligent choice; but it is still easier for him if he can get a true annual interest comparison. If he is quoted nothing but monthly payments, he can only tell whether he can afford it; he can't tell whether it's a good bargain.

The Sears' charges, as compared with a credit union rate, is three times as much on the small amount of credit cited in the first example—Sears charges \$3 for a balance on which a credit union would charge 97 cents. But the margin diminishes rapidly on larger sums. On \$70 of credit, paid off in 11 months, Sears charges \$7 and a credit union charges \$4.25. On \$337, paid off in 18 months, Sears charges \$41 and a credit union charges \$33.08.

This is all based on table A, Sears' plan for non-appliance purchases. There are other rates on other plans.

(Continued on page 21)



LEGAL AID

some of your members may

This community service to low-income people with legal problems is worth knowing and deserves support.



be eligible

TROUBLE comes to people of all economic levels, and some of them can't afford a lawyer, not even one who will reduce his fees to the minimum in the interest of public service.

Thanks to Legal Aid societies, these people may still have their day in court.

There are 210 Legal Aid agencies in the United States, some of them called societies, some bureaus, some foundations. They're all members of the National Legal Aid Association of Chicago, though each one is a self-governing unit with its own rules of operation and eligibility.

Most of them are supported by Community Chest, United Fund, or other welfare agencies, with the cooperation of local bar associations. Most employ one or more lawyers, with additional services contributed by other attorneys in the community. Most Legal Aid organizations handle civil cases only; twelve in the country handle criminal cases as well.

A single purpose

The sole purpose of all of them is providing legal counsel to people who can't afford to pay for it. Rules are set up in each agency concerning eligibility for help. Some have set up a hard and fast figure as the maximum amount of income a family may have to receive Legal Aid help. Others operate on a sliding scale basis, which takes into consideration income, debts, family size, and other factors in every individual case.

For instance, the Legal Aid Foundation of Los Angeles has established \$110 a month as the maximum income a man may receive and be eligible for Foundation help. To this amount is added \$45 for his first dependent, \$35 for his second, and \$30 for each additional dependent. However, in special circumstances, the maximum figure may be raised \$50 or so.

The Denver Legal Aid Society, on the other hand, has established no set

figure; eligibility is determined by a study of the general family situation and its needs. Though societies have different ways of arriving at eligibility, they all operate on the basis that they are there to serve those who need help, but they must keep out those who can afford to pay and are merely looking for something for nothing.

What kind of people use the services of the Legal Aid agency? In all parts of the country it's the poorest people in the community. In large industrial cities like New York and Chicago, immigrants and migrants from Southern states make up an important percentage of Legal Aid clients.

Troubles are similar

The troubles that take people to Legal Aid societies are not very different from the troubles other people take to their lawyers. Of special interest to credit union people is the fact that Legal Aid officials everywhere agree that a large proportion of the trouble they see concerns debt in one way or another.

And every Legal Aid official contacted in a Bridge survey brought up the fact that high-pressure selling and too-easy credit were important factors in much of the debt trouble involving his clients. It was stated many times that in a situation where low-income people are made to want things they can't afford, and are given easy credit by irresponsible merchants and money-lenders, many of these people are bound to find themselves in serious financial trouble.

Across the country

A look at several Legal Aid groups across the country reveals that while all are set up to do the same thing—provide free legal counsel for those who can't pay for it—each has its methods.

In Houston the agency is called the Legal Aid Clinic. Its director is Sam T. Cook, who says his office receives up to 1,500 applications for help a



Philip J. Murphy, standing, a staff attorney for the Chicago Legal Aid Bureau, and Arthur K. Young, bureau director, believe 5,000 of the cases handled each year by the Chicago agency are related to debt in one way or another.

year, and accepts 600 to 700 of them. Of these, 65 percent are domestic relations cases and the rest are small debt and other civil matters. Ten to 15 percent of the cases relate to debt in some way, and Cook estimates that half the debt cases result from sales pressures on poor people.

Cook considers the wage assignment law in Texas a major evil. "Many large companies tell their employees when they're hired that if they have a wage assignment they're not going to be fired, they're *already* fired, automatically. This doesn't give a man much chance to pay off his debts."

Little CU contact

Like most Legal Aid officials contacted, Cook says his organization has little contact with credit union members or officers. He has handled few cases in which credit union members were involved. Interestingly, though, he says he has handled many cases in which people have become involved with shady, fly-by-night debt consultants—some of which call themselves "credit unions." These operators lure debtors by telling them they will consolidate their debts and lend them money. These slickers don't use the term "credit union" on paper, but by

word of mouth, and many people in trouble become involved with what they believe is a genuine credit union.

To be eligible for help from the Houston Legal Aid Clinic, a single person may not have net income of more than \$1,200 a year; a married person more than \$2,200. Increments of \$300 a year are allowed for each dependent, but the total in any case is \$2,800. The Houston agency handles no divorce cases, except that where a father has minor children and refuses to pay for their support, the agency will help the children. No personal injury damage suits are handled, only general civil matters.

In Denver, Fred Rehmer is staff attorney for the Legal Aid Society. He says his contacts with credit unions are "highly positive." "We need more of them," he says. "Low-income people need counseling and advice on spending. Credit unions can do a good job of this."

Credit union 'valuable'

Rehmer says he finds credit unions valuable in the fight against wild spending on automobiles, gadgets, fly-by-night schemes, and over-priced merchandise. He says some credit union debt is declared in bankruptcy cases handled by the society, but that

this is the exception and quite uncommon.

Of the 7,000 to 8,000 cases handled each year in Denver, Rehmer estimates that half have some kind of debt problem. The society recommends bankruptcy in a "considerable" number of cases where there is no other solution. "If it weren't for bankruptcy, in some instances we would virtually have cases of involuntary servitude," he says.

Rehmer uses the term "credit drunks" to describe people who simply can't turn down any offer of easy credit, and says Denver, like many large cities, is seeing an increase in shady merchants, deceptive sales gimmicks, and phony money-making schemes.

Los Angeles picture

In Los Angeles, the Legal Aid Foundation had 14,741 applications for help in 1960, and about 11,000 were accepted. Edwin F. Franke, chief counsel, says about 20 per cent of applicants are referred to other sources of help, such as the labor commission or the district attorney's office. Last year about 800 cases reached court.

Franke lists high-pressure sales and easy credit high as reasons why 4,000 to 5,000 of his annual cases involve debt. The Los Angeles agency handles bankruptcy cases only if two conditions exist: there must be unreasonable creditors who won't cooperate on a program of payment, and there must be jeopardy of livelihood on the part of the debtor or his family.

"Too many people are getting the idea that bankruptcy is an easy way of getting out of debt," he says. "Too many of them start all over again. We discourage bankruptcy normally. We have made a careful study of this matter, and now handle only 50

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in the NEWS



The stepped-up legislative campaign against credit unions is out in the open in North Dakota. Last month the North Dakota Bankers Association sponsored five anti-credit union bills in the legislature, and testified against a bill backed by the North Dakota Credit Union League. The bankers' bill would (1) tax credit unions on their earnings, (2) restrict fields of membership, (3) set restrictive bonding requirements, (4) require state examinations and increase examination fees (the state now accepts league examinations, in a program set up a year ago), (5) give the state examiner authority to merge or consolidate credit unions. Opposition by the bankers association was expressed to League proposals to (1) raise the unsecured loan limit from \$400 to \$750, (2) authorize the appointment of loan officers, (3) incorporate present tax exemption in the language of the act, (4) provide conversion privileges.

The Manitoba League has voted to join the National Association of Canadian Credit Unions . . . The **Jamaica League** is planning a stabilization program . . . The **Florida League** has decided to hold sessions at night instead of on Saturdays for its basic training institutes . . . The **Michigan League** has switched its school for credit union personnel from summer to spring (April 24-28) . . . The **Florida League** has just released a report on credit union effects on the state's economy in 1959; it shows that credit unions borrowed \$28 million from banks during the year . . . The **New Mexico League** has published its first yearbook. . . .

There were **1506 new credit unions** organized in 1960, reports the CUNA organization department. This compares with 1474 in 1959; both figures include the United States, Canada and overseas areas. The United States total dropped from 1130 in 1959 to 1033 in 1960. The Canadian total rose from 101 in 1959 to 127 in 1960.

Jonathan Lindley is leaving the CUNA Washington office to join the staff of Sen. Paul Douglas . . . **Sidney Forbes** has joined CUNA as assistant director of organization . . . **Archie Cameron** has joined the CUNA education department as education specialist . . . **George E. Seibel** becomes CUNA Supply's sales promotion director. . . .

The California League is seeking legislation to increase the unsecured limit from \$500 to \$1,000, also a provision for payroll deduction for state employees . . . Two **tax equality** bills have been introduced in Congress by Rep. Burr Harrison (Dem., Va.) and Rep. Thomas B. Curtis (Rep., Mo.) affecting banks and savings and loan associations; the perennial **Mason Bill** is in the hopper again, providing for taxation of co-ops, credit unions, and so on . . . **The Missouri League** is supporting a bill to clarify the position of credit unions under corporation tax laws . . . **The Massachusetts CUNA Association** is supporting an interest disclosure bill in the legislature, which is called the Baby Douglas Bill, and opposing a deposit insurance bill, which first came up a year ago . . . **The Maryland League** is supporting eight major amendments, generally similar to amendments obtained in the federal act in 1959.

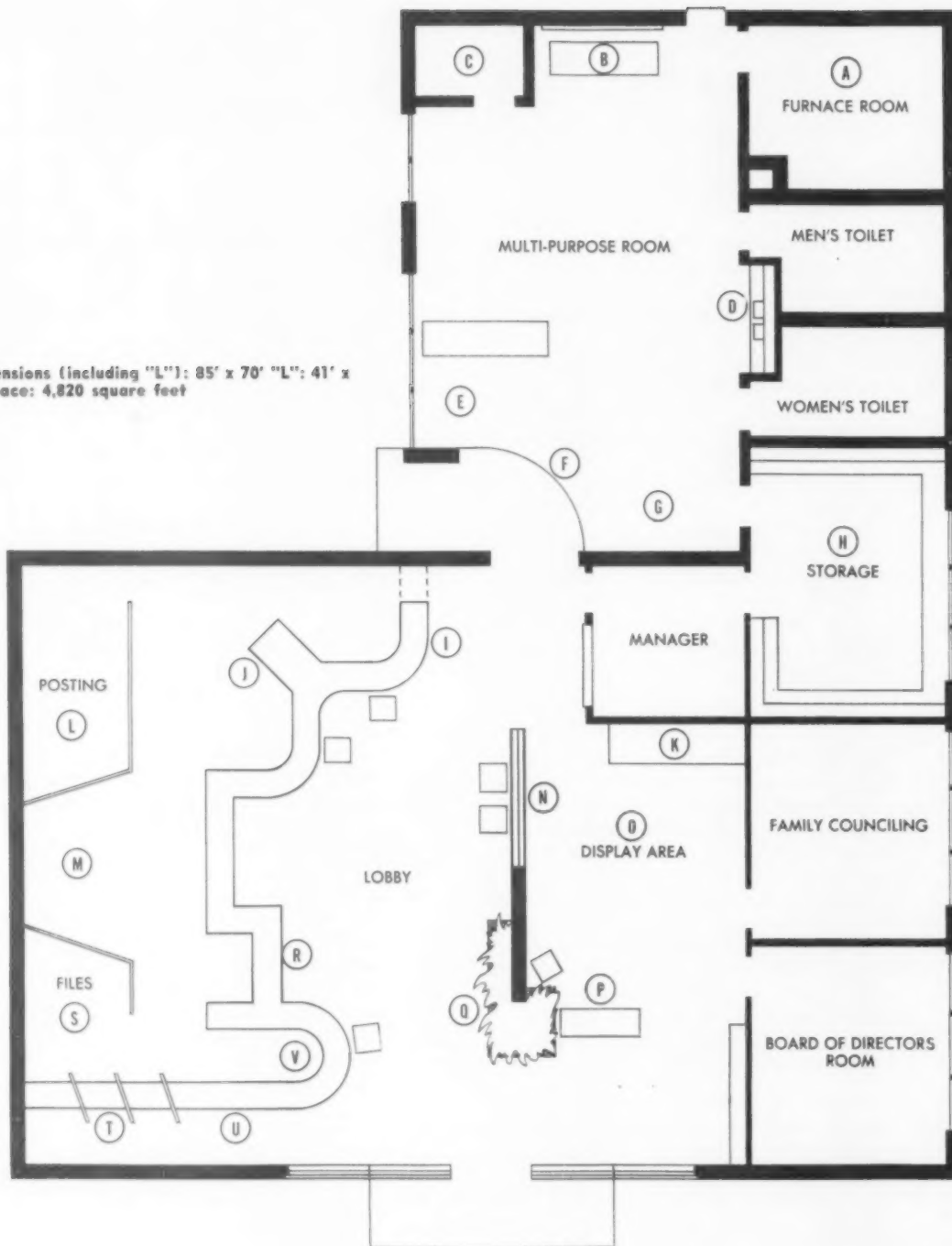
Harry Latimer and **John Edringer** have joined the Pennsylvania League field staff . . . **Gene Dysart** and **Charline Aehle** have joined the staff of the Missouri League . . . The British Columbia League has appointed **Richard F. Hall** assistant director of education and **Thomas J. Rafter** as audit and supervisory specialist . . . The Tennessee League has named **George T. Leamon, Jr.**, fieldman, and the Idaho League has hired **Frank E. Kinney** as its first field representative . . . **Clifford T. Hinrichsen** becomes senior representative in the California League's Los Angeles office . . . **Margaret Brooks** has been named technical editor of the Ohio League's publication, *High Spots*.

A new credit union film, "**The People of Kolevu**," was premiered at the Congressional Dinner in Washington, February 8. It was shown two days later to a group of people from foreign embassies. The film tells the story of credit unions in Fiji, and the actors are Fijian credit union members and officers. The film has been called "a truly good film of a tremendous idea" by *Business Screen Magazine*.

Ivan Nestingen, mayor of Madison, Wisconsin, has become undersecretary of Health, Education and Welfare. Nestingen was an early Kennedy supporter and is well acquainted with credit unions.

(Continued on page 26)

Overall dimensions (including "L"): 85' x 70' "L": 41' x 39'. Total space: 4,820 square feet



- A—Furnace, air-conditioning unit, incinerator, janitor supplies and folding chair storage
- B—Meeting area with blackboard
- C—Educational library
- D—Wash rooms
- E—Children's area
- F—Folding doors—can be shut or locked for private meeting
- G—Employee's eating area
- H—Storage room also houses mimeograph and copying machine
- I—Sit-down counter
- J—Ledger cards
- K—Home planning center

- L—Bookkeeping room
- M—Office manager
- N—Multi-colored divider
- O—Table in home planning center for members to look at books
- P—Couch for members' convenience
- Q—Planter
- R—Check cashing area
- S—Addressograph and mailing area
- T—Quick loan interviewing area with booths
- U—Loan files under inside counter
- V—Receptionist area

"OUR FLOOR PLAN STRENGTHENS OUR SERVICE"

This credit union is determined not to be just another financial institution, and its new building shows it.

"OUR new building provides better membership services," says president Glenn Pettys of Clyde Whirlpool Employees Federal Credit Union in Clyde, Ohio. "Our board of directors believes it gives us a unique opportunity to show our membership and our community that a credit union is more than just another financial institution. We try to give services which commercial businesses can't and won't provide."

Whirlpool moved into its \$65,000 structure during February, 1960. The single-level building is located on the town's main road. It's constructed of concrete blocks faced with brick, has movable oak-paneled partitions, and provides 4,800 square feet of floor space. The group plans a 40-year write-off period.

It's L-shaped

The new building is L-shaped. It is divided into several sections. A directors' room, a family counseling room, home planning area, educational library area and a multi-purpose area run along one side. A bookkeeping area, mailing area and counter area fill another section. There are also a vacation library area, a play corner for waiting children, an employee eating area, an efficiency kitchenette, a utility room, a storage room and two rest rooms.

Some 60 percent of Whirlpool's floor space is allotted to membership

services. The remaining 40 percent is used for office operations.

Here are Whirlpool's new membership services:

- **Home planning center.** A specialized library of several hundred books, magazines and pamphlets helps the members with home planning and designing. It also warns of pitfalls in uneconomical materials and impractical layouts.

Much of this literature Whirlpool obtains from manufacturers of home building materials, state agricultural extension services, and home contracting firms. The credit union has purchased some 200 books on home planning, design and related topics. It also subscribes to five specialized magazines.

All these items are available to members on a loan basis. To check out a book, the member merely fills out a library card. Magazines may be taken out without leaving a record.

- **Educational library.** This service is offered to help members plan their youngsters' future training and occupation. The educational library is stocked with the catalogues of major colleges and universities, books and pamphlets on general career information, sources for scholarships and data on finding part-time work. The bulk of this collection was obtained without cost from colleges, universities and insurance companies. Some 50 books and pamphlets on

scholarship sources required a total outlay of \$75.

- **Play corner.** A 50-square-foot area serves to occupy small children while their parents are in the family counseling room. The corner is equipped with a low table, four small chairs and an assortment of children's books.

- **Vacation planning center.** Several thousand colorful booklets and pamphlets help Whirlpool's members make their vacation plans. All these materials are available without cost from city and state chambers of commerce and state highway departments.

- **Music amplifier.** Soft background music throughout Whirlpool's building helps members to feel at home.

- **Family counseling room.** This 14 by 16 room is decorated in light pastel colors to create a warm and informal atmosphere. A low round table with four comfortable chairs, an end table, a couch and an enclosed bookcase make the room more like a livingroom than an office. To preserve the domestic atmosphere, only three or four budget booklets and forms are kept within sight. Inside the bookcase a full selection of budget aids is readily available to the counselor.

- **Sit-down counter.** Whirlpool finds that the relationship between the credit union and the members is



more friendly and less formal because its counters are designed to enable both the employee and the member to be comfortably seated during counter

transactions.

• **Multi-purpose room.** A 700-square-foot area, with an efficiency kitchen unit, serves Whirlpool's mem-

bers as a meeting room for such groups as outdoor club, bowling league, departmental organizations and credit union chapter meetings.

Keeping up with the pitch men

The Houston Better Business Bureau offers a list of seven "hard questions" consumers should ask about guarantees. The questions come from George L. Lubarda, Federal Trade Commission attorney, and the BBB suggests that if buyers ask them before they buy they may avoid disappointment later.

1. Who is going to make good on the guarantee? The store or the manufacturer?
2. Does the product have to be returned to the seller, or will it be repaired at home?
3. Is the entire product guaranteed—or just the parts that rarely if ever wear out?
4. Who pays labor charges involved in the product's repair?
5. Is routine servicing covered by the guarantee?
6. Is the guarantee based on the price you actually pay for the product or is it pro-rated on a manufacturer's "list" or "suggested retail" price?
7. Is the guarantee in writing or is it contained only in the salesman's smiling assurance?

* * *

Readers of the advertising of a Los Angeles tire company may wonder about a five-day tire sale that apparently goes on for months, the Los Angeles Better Business Bureau reports. A newspaper ad calling attention to a "five day" sale appeared November 4 and 9, and January 12 and 20.

However, on November 18, December 16, 22 and 27, and January 6 the same tires were advertised at the same prices without the "five-day sale" gimmick. The five-day feature is not the only or the least im-

portant inaccuracy in these ads, the BBB points out.

The tire company makes much use of "manufacturers' list prices" in his ads, but they are not the prices the manufacturer lists (ever as unrealistic as these often are when it comes to actual selling price.) This dealer adds a little to the so-called list prices. For example, he says a certain first-line 7.50 by 14 tire lists at \$34.25, when the actual list price is \$32.10. In addition, he is vague about whether a trade-in is necessary, and he infers that his brand of tires is "original equipment," when they never have been sold as such.

* * *

"See before you buy" is the advice of the Detroit Better Business Bureau to prospective purchasers of out-of-state real estate. The BBB refers to the flood of ads for "vacation spots" in Florida, New Mexico, California, and other areas where "sun-bathed" and "investment" acreage is offered for a few dollars down and a few dollars a month.

Ask the promoters these questions, the BBB suggests: Exactly where is property located? Who owns it, and is it free and clear? What improvements have been made? Are there paved streets, sidewalks, utilities? What will the cost of assessments be if these improvements aren't in? Are there water mains, or must individual wells be dug? Are there sewers? If not, are septic tanks authorized? Is the land dry or must it be drained? Can I be sure I will actually own the property when I make all these payments?

If the land is offered as an "investment opportunity," recognize it for what it is, the BBB says—a pure speculation.



AT LEFT:

Jim Walters, truckline foreman uses Whirlpool Credit Union's home planning center, where literature is available to help members study planning, layout, and design of homes.

The member and the credit union employee sit down at the counter. And cashiers don't have to get up to reach files; they merely roll their chairs over to a special low-level filing system.

Lawrence Hushour, an assembly worker, is helped by bookkeeper Irene King as both enjoy the handy sit-down counter.

BELOW:

Connie, Karen, and Kathryn McClanahan, daughters of a Whirlpool assembly line worker, use the play area while their mother transacts some credit union business.

In the counseling room, Office Manager Ronald Collier, center, advises Mr. and Mrs. Robert Andecover and Mr. and Mrs. John Cook about the legal details of transferring ownership of a car from one couple to the other.

The multi-purpose room is also used by the civic groups of the town and county as a convenient meeting place for as many as 150 persons. It is the only private meeting facility in this town of 5,000, and plays an important role in the community's life. Hardly a month passes during which less than ten outside groups take advantage of Whirlpool's standing offer to use the multi-purpose room.

These are some of the groups which hold their meetings in Whirlpool's building: agricultural extension service, Alcoholics Anonymous, Boy Scout groups, community planning committees, garden club, 4-H groups, high school student organizations, political party groups, and retarded children's council.

"Having our own building has affected us in three ways," says W. Robert Kusmer, Whirlpool's manager since 1956. "It has given our members a tremendous sense of pride, it has changed the composition of our membership, and it has inspired a marked increase in savings activity. Only a few years ago, some 75 per cent of our active membership were employees of the Whirlpool Corporation. But today almost 55 per cent of our 2,544 members are family members. And during our first year in the new building, our shares rose by nearly \$300,000, reaching a new high of \$1.1 million. Most of this new money was saved by family members."





ABRAHAM

*The man who was
inaugurated president
100 years ago
knew what it
was to be
overburdened with debt.*

IT appears that the practice of loaning money at exorbitant rates of interest has already been opened up as a field for discussion," said Abraham Lincoln, as he announced his candidacy for the Illinois legislature in 1832. "It seems as though we are never to have an end to this baneful and corroding system, acting almost as prejudicially to the general interests of the community as a direct tax of several thousand dollars annually laid on each county for the benefit of a few individuals only, unless there be a law made fixing the limits of usury. A law for this purpose, I am of opinion, may be made without materially injuring any class of people."

He was twenty-three

Lincoln was only twenty-three. There was no usury law in Illinois. The New York legislature had just passed a law abolishing imprisonment for debt, but in many states debtors' prisons still existed. High rates were common on loans in Illinois. Lincoln had just been working for a man named Denton Offut, whose records show that he once borrowed \$110 for sixty days at a rate of 60 per cent. Offut was Lincoln's first employer; his store in New Salem, where Lincoln worked as a clerk for \$15 a

The Credit Union Bridge

LINCOLN in debt and out!

This article is based on a book called *The Personal Finances of Abraham Lincoln*, by an outstanding Lincoln scholar, Harry E. Pratt.

month, failed after seven months.

Illinois became a state in 1818, when Lincoln was nine years old. In 1832 the population of the state was about 200,000. Storekeepers commonly extended credit to farmers at 12 per cent. Money was scarce, and most sales were made on the basis of barter or credit.

Father's credit good

Thomas Lincoln, Abraham's father, is reported to have had good credit. No unpaid accounts of his have been discovered. He moved from Kentucky, where his son the future president was born, in 1816, apparently because land titles in Kentucky at that time made ownership hard to prove. Twice he found himself holding a defective title; finally he decided to buy government land in Indiana, on which there could never be title difficulties. In 1817 he claimed a 160-acre tract, which he engaged to purchase at the price of \$2 per acre. He made a down payment of \$16, and two months later paid an additional \$64, which completed his first installment. It took him ten years altogether to complete paying for 80 acres, and he relinquished the other 80 to James Gentry.

Hams, raccoon skins

Thomas Lincoln's difficulty in paying for his farm was not unusual. The scarcity of money was such that people used hams and raccoon skins as legal tender. Cows and calves were worth six to eight dollars. Corn sold at ten cents a bushel and wheat at twenty-five. A major part of the farm-

er's problem was getting his produce to market; often his profit was eaten up by transportation costs. New Orleans was the nearest good market for an Illinois farmer in those days, and there was great interest in better river transportation and canal development.

The political party most interested in these improvements was the Whig Party, which was descended from the Federalist Party of Washington and Hamilton and the ancestor of the Republican Party. Young Lincoln joined the Whig Party, and left it only in 1856 to enter the new Republican Party. It was a businessmen's party, for the most part, and it believed in a strong central government, high tariffs, and energetic government programs for the improvement of transportation. Daniel Webster, a leading Whig, campaigned against debtors' prisons, but so did leading Democrats like Andrew Jackson and Martin Van Buren.

Speculation 'fever'

Land speculation was the great fever of the time, as it has been in most parts of the country ever since. With the government selling land as low as \$1.25 an acre in order to fill up the new territories, everybody was buying as much land as he could and waiting for the rise. Abraham Lincoln was one of the few who felt no urge to speculate, but even he occasionally tried his hand. Friends urged him to take part in an investment in lots in a town to be called Huron on the Sangamon River, but he demurred. He surveyed this town himself in the years before he became a lawyer, and was given title to several lots in payment for his services, but he never made money on them. Later he invested in land east of the Huron site, buying forty-seven acres for \$58.75.

He finally disposed of these twelve years later, showing a gain of about \$22, which doesn't seem very handsome. In 1836 he bought two lots in Springfield, and in 1838 he bought two more. In 1851 he bought two lots in Bloomington for \$325.08—prices were going up—and five years later sold them for \$400.

Other real estate

He acquired other real estate in various ways. Occasionally a client paid him for his legal services by conveying to him a piece of land. As a veteran of the Black Hawk War, he was also entitled to a land bounty. He received forty acres in 1852 and 120 acres more in 1856, all in Iowa. The first piece was in Tama County, the second in Crawford County. He never saw this land, but apparently he liked having it as a reminder of his only military service, which he liked to joke about but which always provided him with the pleasant memory of having been elected a captain of militia.

The biggest financial problem of Lincoln's life was a debt that fell on his shoulders when he was twenty-five. After Denton Offut's store went out of business and Lincoln failed to win in his first election effort, in September of 1832 he and a man named William F. Berry went into partnership, buying a store from J. Rowan Herndon and giving Herndon their joint note. When Lincoln received his pay for his services in the Black Hawk War, instead of using it to pay off this debt, he and Berry decided to go deeper into debt by buying the store of Reuben Radford. They merged the two stores. Radford held notes signed by Lincoln and Berry in an amount of \$254.82, but assigned part of this to a moneylender in Springfield named Peter Van Ber-

gen. In April 1834 Van Bergen brought suit against Lincoln, Berry and a man named Greene for \$500 plus \$50 damages.

A judgment was issued against Lincoln and Berry. Meanwhile Lincoln had other problems—he had also been doing some surveying with a horse and equipment that he had purchased on credit, at a price of \$57.86. The man who sold him the horse brought suit and obtained a judgment, and Lincoln's surveying instruments were sold on execution. A friendly farmer bid them in and returned them to Lincoln.

Historians stumped

There was another transaction at the same time which historians have not been able to unravel: apparently Lincoln borrowed \$250 from a man named Blankenship to pay off some of his debt on the store bought from Herndon. Lincoln signed the note and Berry endorsed it. At any rate, in 1834, when he was twenty-five Lincoln owed at least \$511.86, and his store was a failure. His partner, Berry, after a period of heavy drinking, died in January 1835. He left an estate of sixty dollars, half of which went to pay doctor bills. The debts that he had incurred became the debts of his partner, future President Lincoln. The total amount Lincoln owed was now about \$1,100.

A huge debt

A debt of \$1,100 at that time can only be measured against prices and wages of the day. The governor of Illinois was then paid a salary of \$1,000. Chickens sold at a dollar a dozen, pork and beef at 3 cents a pound, butter at 10 cents. Young Lincoln as a store clerk made \$15 a month. In 1833 Lincoln was appointed postmaster in New Salem, and government records show that he was paid \$55.70 for his services in this position for the fiscal year of 1834. The total receipts of the New Salem post office during that year were about \$200. As a surveyor, Lincoln was paid \$2.50 for each quarter-section that he established, and from 25 to 37½ cents for each town lot.

The embarrassed Lincoln often spoke of his obligation as "the national debt." However, his income
(Continued on page 24)

FROM THE MANAGING DIRECTOR:



WE MUST TEACH SAVING

THE very purposes for which all our credit unions have been organized are to (1) develop thrift habits of credit union members, and (2) make low-cost loans available to them. All other activities of credit unions or their Leagues or other organizations should be directed to effecting and bolstering those purposes.

Unless credit union officials keep constantly on the problem, our credit unions develop with one group of people who are saving and another group of people who are borrowing. Naturally there are periods when individuals borrow, and during those periods they are unable to save in appreciable amounts. But even during the repayment of loans, we should be putting something into shares. Perhaps each credit union needs to make rules that require a certain amount of regular saving, even during loan repayment periods.

Saving for the rainy day

Our "Little Man" symbol typifies the credit union protection of the member against those rainy days. However, protection against the financial storms rests primarily in a savings account, and only secondarily in the ability to borrow from the credit union.

Investors don't help us

Credit unions that have money to loan because high dividends at-

tracted investors have real troubles if some higher paying investment opportunity comes along. Credit unions based on memberships that are saving regularly and borrowing when they need to, are very soundly based! But, over and above the health of the credit unions, it is obvious that those credit unions are made up of people who have a healthy attitude in regard to their own finances and their own necessity of saving a little bit out of every paycheck!

And, it isn't enough for the credit union to stress the necessity of saving only at times when some more money is needed in the treasury to make more loans. Saving must be constant and uninterrupted on the part of all members, even if those who are hard pressed with loan repayments can save only slightly.

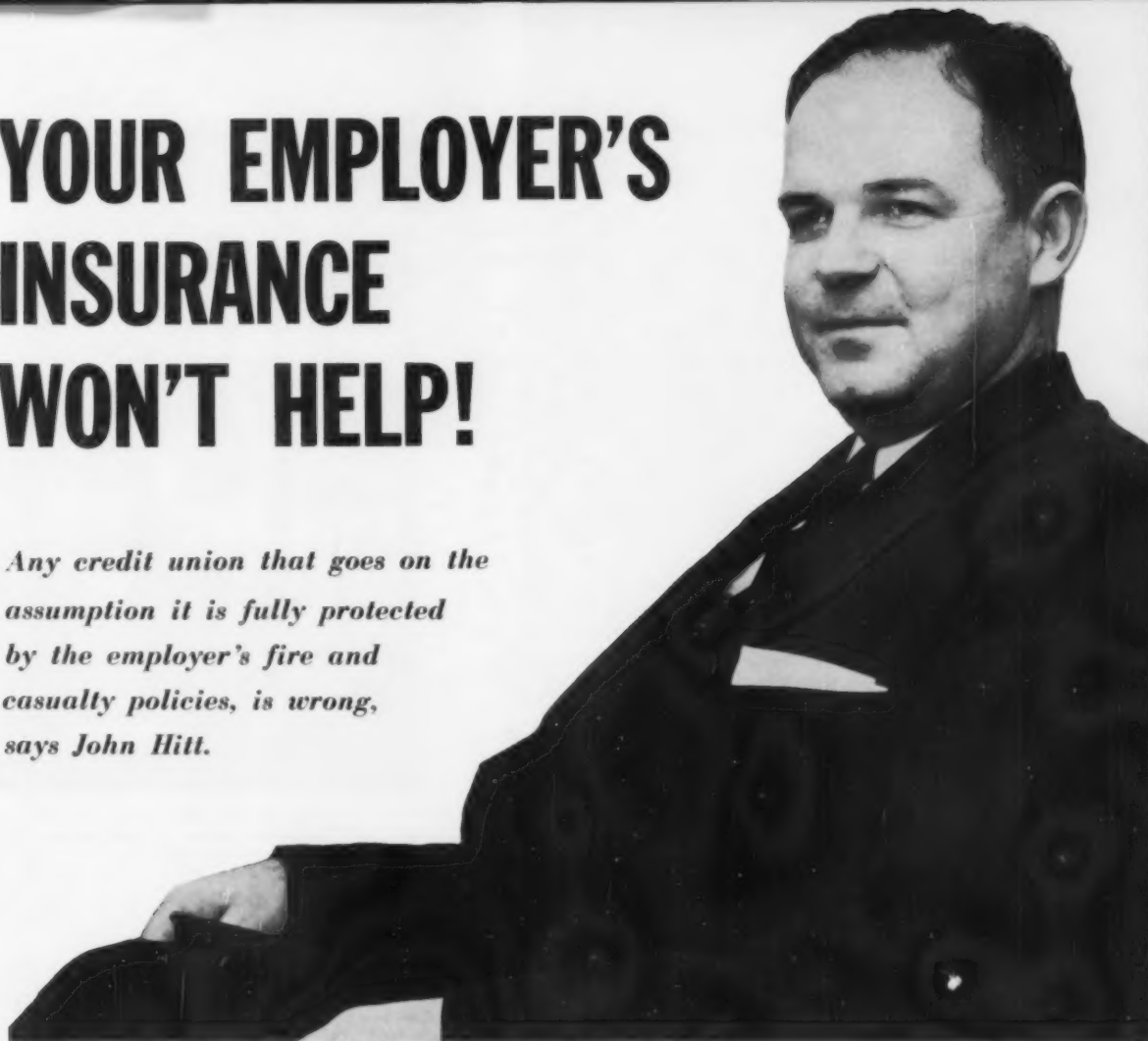
Credit unions must stand for credit unions

Independence is necessary for the credit union movement—that goes without saying. Subsidies very definitely undermine that independence. Just recently the treasurer of a credit union, who also happened to be a chapter president, was told by his company management that he was not to take part in a very important credit union legislative activity. Subsidy made independence impossible!

H. Vance Austin

YOUR EMPLOYER'S INSURANCE WON'T HELP!

Any credit union that goes on the assumption it is fully protected by the employer's fire and casualty policies, is wrong, says John Hitt.



Few credit unions understand their urgent need for liability insurance, says John Hitt, recently appointed general manager of CUMIS Insurance Society.

Hitt has been calling on credit unions in Wisconsin and discussing liability insurance with them. Contracts are being written by the new casualty company in Wisconsin at the rate of about one a day. CUMIS Insurance Society, a casualty company owned by CUNA Mutual, will probably start selling to credit unions in other states during the second half of 1961. In this interview, Hitt tells THE BRIDGE what he thinks credit unions ought to know.

Q. Have you found that credit unions understand the field of liability insurance?

A. No, most credit unions don't seem to understand their needs in this field. I have been visiting credit unions in Wisconsin since I was appointed to this job on November 1, and I find a majority of them are not fully aware of their needs. Their coverage is very inadequate. About 50 percent of them have an idea that their sponsor's insurance—that is, their employer's insurance—protects them too.

Q. And they are usually mistaken in this?

A. They are 100 percent mistaken. Every credit union should have its own liability coverage.

Q. Your findings then bear out the earlier studies made by CUNA Mutual of credit union needs?

A. Yes, they do. The studies that CUNA Mutual made prior to setting up CUMIS showed that a majority of credit unions were unaware of their needs and not properly covered. In fact, the percentage cited at that time was 76 percent that were not properly protected.

Q. What sort of reception do you get when you call on a credit union and explain to them their need for protection?

A. It's been excellent. This has been a very fine experience. When we talk about this, we get a thoughtful hearing, and the upshot invariably is that the board says immediately, "Well, we've simply got to take out this protection." Sometimes, incidentally, I will get a telephone call a few days later from another credit union nearby that has heard about this and want to have their problems analyzed too. Things are going faster than I thought they would.

Q. Then CUMIS will probably be going into other states soon?

A. I am studying now the matter of expansion into other areas. I will make a report to the board probably in May, in which I will make recommendations, but I am not sure yet just what they will be. However, I think it's safe to

say that expansion will probably go faster than we first anticipated.

Q. Are there any ways in which the insurance you are providing is different from that available from other sources?

A. Well, of course we are the only company writing these types of coverage only for credit unions. I suppose the chief advantage for credit unions in dealing with us right now is that we understand their operations and their exposures better than any commercial company does.

At the present time, for rating purposes, credit unions are grouped with "financial institutions," and the language of contracts and the rates have been developed to cover financial institutions generally. Now of course we all know that credit unions are different from other financial institutions in many ways. I fully expect that our experience will show that credit unions are entitled to better rates and certain improvements in protection; and as we collect statistics and analyze them, I think we are going to be able to prove to rating bureaus that credit unions are entitled to a classification of their own, apart from other financial institutions.

Meanwhile we are doing at least one thing that is new. We are writing contents coverage that will pay the credit union the replacement cost of equipment, rather than the depreciated value, and we are covering borrowed equipment. No other company has been authorized to do this. In time, I am sure we will be able to develop and get approval of many other services. You understand that the field of fire and casualty is a very strictly regulated field, and you have to justify everything you do with rating bureaus and state insurance authorities.

Q. What are the coverages that you provide?

A. The whole package is called comprehensive general liability-comprehensive automobile liability. Or to put it more simply, fire and casualty. But this is a group of different kinds of insurance. Workmen's compensation is one of them: it provides medical expenses and makes up for lost wages when an employee is injured or killed while engaged in his work.

Another is accounts receivable insurance. This pays for the restoration of records destroyed by some (catastrophic) event, and for any losses incurred by the credit unions as a result of the destruction of records.

Next there is comprehensive auto liability protection. This covers a number of situations where there may be risks—for example, when the credit union rents a bus, or when an officer of the credit union drives his own car on credit union business, or when some officer or employee of the credit union repossesses a car.

Another coverage is contents insurance. This insures equipment in the credit union office, and our policy includes equipment that has been borrowed from the employer, for example, for use in the credit union office; also credit union equipment that is taken out of the credit union office for use at home, as when the treasurer takes home the adding machine.

Then there is errors and omissions. This is a type of insurance that is useful where a credit union makes real estate loans; it protects the interest of the credit union where the property owner's insurance is inadequate due



"We've been extremely pleased with the reception Wisconsin credit unions have given us," says Hitt.

to some error or omission.

Extra expense insurance is another coverage, and pays for such things as rented quarters when, for example, a fire has destroyed the credit union's regular office.

Q. Do you sell these as a package?

A. Yes, the total coverage sold to each credit union is presented as a single package for administrative convenience, avoidance of costly overlaps and gaps in protection. The single premium paid by the credit union represents the total of the particular coverages included.

Q. Do you find there is much difference between credit unions in what they need and what they don't need?

A. Well, actually, the only coverage I have mentioned that some credit unions do not need is errors and omissions. If they never make a loan secured by real estate, then errors and omissions is not necessary. But they need everything else I have named. It is just a question of how much exposure there is. There is a difference in exposure, when you are considering workmen's compensation, between the credit union that has no employees and the credit union that has fifty employees, but the risk is there. The need is there.

Q. You mean that every credit union needs workmen's compensation insurance?

(Continued on page 25)



Behind the counter of their new Alaska credit union office are Mrs. James W. Brady, Mrs. Floyd Gilman, and Mrs. Arthur Headlough, waiting on members of the USARAL Federal Credit Union at Ft. Richardson.

The office was decorated with flowers on the occasion of the opening of new facilities at the north end of Ft. Richardson.

Though less than a year old at the time, the North Bay and District Credit Union Chapter, North Bay, Ontario, won the league award for best 1960 Credit Union Day publicity, and this photo tells part of the story.

The photo was taken at the Credit Union Day dance, during the chapter's first official Credit Union Day celebration. The girls represented seven member credit unions in a Miss Credit Union contest. From the left they are Sylvia Roy, St. Rita's credit union; Emmaleen McCool, Corpus Christi; Laura St. Martin, St. Peter's; Donna Larivee, Ontario Northern Railway; Kathleen Fortier, Federal Civil Servants; Heather Cooley, The Daily Nugget; and Della Currie, Municipal Employees.



Bridge PICTURE PAGE

William Richards, manager of the Los Angeles No. 11 Federal Credit Union, (right) shows Charles E. Sheline, retired director of California League field services, a picture of the credit union's new home.

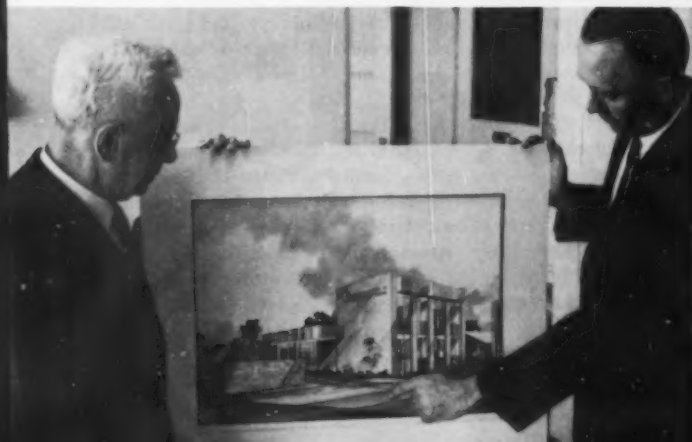
The organization recently purchased a building and site, and remodeled it completely.

The Los Angeles Southwest Japanese Credit Union, serving people of Japanese ancestry, decided 1960 would be a year of aggressive promotion. And it was: during the year it added 478 new members, \$113,000 in shares, and \$271,000 to its loan balance. This was twice the growth rate of any previous year.

Left to right in photo are Mrs. George Saiki, bookkeeper; Charles E. Sheline, retired director of California League field services; Justus G. Sato, chairman of the advisory committee; Sam Higurashi; and George Saiki, manager of the credit union.



Ft. Carson, Colorado, Credit Union members shared holiday joy with youngsters at Colorado Springs' Hope House, a private school for retarded children.



JOINT ACCOUNTS

Members should know more about them before they make some kind of mistake

(Continued from page 3)

ager of Clyde (Ohio) Whirlpool Employees Federal Credit Union.

But the vice president of a mutual savings bank urges caution with such accounts. "They sometimes tie the money the wrong way," he finds. "But we do not discourage them. However, we make sure that the joint tenants understand that this type of account could place one or both of them in a disadvantageous position and that it should not be construed as taking the place of a last will or testament for either tenant."

If the money belongs to the parent, such an account is a way to enable the parent to express his desire to leave his funds to this child. George G. Schneider, vice president of Home Federal Savings and Loan Association in Cincinnati, suggests: "This arrangement will also save the adult son or daughter the considerable cost of court and administration fees in the event that the parent should die intestate."

Register of probate Haertle points out that if the funds in the account are contributed by the adult son or daughter, this person may be required to pay inheritance taxes to get his own money upon the parent's death.

But Haertle finds that a joint account may have advantages if the funds belong to a parent who has implicit faith in his adult child. Says he, "Such an arrangement saves probate proceedings of a year and only necessitates survivorship proceedings which can be completed in less than a month. It also has a substantial tax advantage because the child has to pay inheritance tax only on one-half of the account under Wisconsin law. But where two people not husband and wife are opening a joint account containing substantial amounts of money, they should be acquainted with gift tax laws as well as inheritance taxes."

Q. Can either tenant close out a joint account at any time?

A. Yes. But in some cases presentation of the passbook may be required in adding or withdrawing funds. Where such a condition is in effect, either by statute or by-law, the account can be closed only by the joint

tenant who has possession of the passbook.

Q. Who can borrow against the shares of a joint account?

A. Any joint tenant who is a qualified member. But where possession of the passbook is a prerequisite for transacting business, only a qualified joint tenant who presents the passbook can pledge the funds in the account as security for a loan.

Q. Can an arrangement be made to limit each joint owner from withdrawing more than 50 percent from the joint account?

A. No. The language of the joint share account agreement clearly states that all funds in the account are owned jointly and subject to withdrawal by any joint owner.

Q. Can the husband, as joint owner of a joint account, pledge his shares without the wife's approval?

A. Yes. Under most statutes he can pledge or withdraw every cent in the account. But he cannot borrow unless he is a member.

Q. If the joint account is very active, should there be a report by the credit union to each co-owner frequently?

A. No. The member should be advised of the full meaning and consequence of a joint account agreement at the time of opening the account. In this agreement the joint owners specifically state to each other that each of them owns the entire sum in the account.

"This is one of the hazards of having such an account," comments a veteran court official. "If people cannot trust each other, or one of the parties cannot control his desire to spend funds, then it is not practical for them to have a joint account."

But there may be exceptional cases in which a special report to a joint owner would be advisable. Cincinnati's Gorsler points out. "Normally the primary member retains the passbook or receives quarterly statements. But it might be advisable to issue a

special report to the primary joint tenant, informing him of the recent activity in the account as well as of the account's new balance—if there are exceptionally heavy withdrawals by the person who has not put funds into the joint account, or if the treasurer has reason to believe that the primary tenant does not know of these withdrawals."

Q. Should courting couples have joint accounts?

A. No, say eight of the ten persons interviewed by The Bridge. They believe that it is better to wait until the couple is married.

But two interviewees disagree with the majority view. One banker believes that joint accounts for courting couples are practical and desirable "if they are engaged and have set up a thrift program to save money for their furniture and honeymoon." And a credit unionist reports that he is in favor of this kind of an arrangement "only when they are on the verge of marriage and the amounts involved are not large. But this might not be so desirable if they know each other only for a short time."

Q. Should friends have joint accounts?

A. Only if they know each other well and there is a compelling reason. An example would be the case of two elderly persons who share an apartment, have no family obligations and wish to enable each other to withdraw funds in the event of illness, incapacitation or death.

Q. Should two men who are in business together have their personal funds in a joint account?

A. Only if they have implicit faith in each other, are without families of their own, and wish to leave all of their private funds to the joint business venture. In such a case a joint account might have distinct tax advantages.

But this type of joint account is not practical if either joint tenant has a prior family obligation. Placing his funds into a joint account would mean gambling his family's financial security and future on the other tenant's competence, trustworthiness and sympathetic attitude. In addition, the family could be deprived of all of its

rights to a part of the funds through legal attachment for partnership obligations.

Q. Should joint owners review their joint accounts from time to time to determine whether this type of account still meets their needs?

A. Yes. Each joint owner should review his joint account arrangements periodically—at least with each alteration of will. Changes in responsibilities, obligations, relationships or the death of a joint tenant may void the original reasons for opening an account.

Normally the life savings insurance benefits paid by CUNA Mutual are transmitted to the joint tenant entitled to the account of the deceased member, unless the deceased member has filed a designation of beneficiary

form. In that case the benefits are transmitted to the beneficiary.

In some cases the proceeds of life savings insurance may be subject to inheritance taxes.

Q. How does life savings insurance apply to joint accounts?

A. Life savings insurance coverage is limited to the person whose name appears first on the certified ledger card or passbook in the records of the credit union.

Q. How does loan protection insurance apply to joint accounts?

A. Loan protection insurance benefits apply only to the member whose name appears first on the loan application form as the applicant for the loan for which the claim is made.

LEGAL AIDS

(Continued from page 8)

or 60 bankruptcies a year.

Franke commented that his office's dealings with credit unions have resulted in good cooperation. "Usually we can negotiate without trouble."

An unusual Legal Aid agency is the Madison, Wisconsin, Legal Aid Society, which is staffed entirely by university law students; there is no full-time attorney in the organization. Second and third-year University of Wisconsin law students handle their own cases and take them to court if necessary.

In court cases, an attorney goes with the student to legalize the proceeding and offer assistance when needed, but students are encouraged to take cases on their own as far as possible. The society has 25 law students on its staff, an office open daily, and a full-time secretary.

Director is 24

James A. Drill, 24, a third-year law student, is chairman of the society. He says to be eligible for society help a family must not have income of more than \$200 a month, plus \$25 for each dependent, though this rule is somewhat flexible. The organization has 300 applications a year, and at any

They're meant for people who can't afford to hire a lawyer

given time about 50 cases are being handled. Forty to 50 percent of all cases are divorce matters, Drill says, and next in importance are landlord-tenant troubles and debt problems involving wage garnishments and so forth.

The society handles no bankruptcy cases, and does considerable counseling in an effort to avoid bankruptcy. He feels no matter what brings a client in, debt usually is involved in their cases somewhere. Generally, in debt cases, the students can work out a compromise with creditors to avoid garnishment. While Madison is a non-industrial city with few immigrant or migrant workers, the problem of easy credit and over-selling exists here too, Drill says.

Special problems

A problem that develops occasionally in the Madison society, because it handles many divorce cases, is a wife coming in for help followed later by her husband, also asking for help. The office will not handle both sides, but the second party is often indignant because he feels that the society is a welfare agency and he is as much entitled to help as his wife. "He's right, too," Drill says, "but we can't

SEARS CATALOG RATES

(Continued from page 5)

On revolving credit, for example, Sears charges a flat 1½ percent per month, or 18 percent per annum. When you get into appliances and tools, the rates are somewhat lower. A \$105 balance on a typewriter, radio set or sewing machine would cost \$15, and you would be expected to pay off in 20 monthly payments at \$6 a month; the true rate is 16 percent. If you had a balance of \$650.50 on a diamond ring, a refrigerator, a garden tractor or a vitalizer chair, you would be charged \$105.50 and expected to make 24 monthly payments of \$31.50 each. The true interest rate would be slightly below 16 percent. On these two loans a credit union could save its member \$3.60 and \$21.36.

Annual rate best

There are two conclusions. One is that credit unions can save their members money on credit used for the purchase of goods at retail, because retailers cannot—not even the best of them, like Sears—extend small amounts of credit at low rates. The other is that monthly table payments are confusing; but it cannot be said that the way credit unions state their rates is much better. A rate of 1 percent per month may not be deceptive, but it is certainly easy to misunderstand. This, obviously, is why the credit union movement has gone on record supporting the Douglas Bill.

handle both sides. Sometimes there's a race to get to our office."

Madison attorneys are on call as attorneys of record in court cases, and are not paid for their services. The students aren't paid either. The law school and the students agree that the society provides excellent experience for would-be attorneys and valuable service to the community.

In St. Louis, Milton M. Metz is director of the Legal Aid Bureau of the St. Louis Department of Welfare, and also is a public defender. Because his staff is small, Metz says, his agency can not do much debt consolidation work.

The size of the staff limits the

amount of study that can be done on family economic structures. Metz says the bureau has about 6,000 applications for help a year and accepts 3,500 to 4,000. About 250 of these reach court. In St. Louis a gross family income of \$60 a week or more makes the family ineligible for assistance. The figure for a single person is \$40. Metz estimates that 30 per cent of all cases involve debt in some way.

For a more detailed picture of the debt problem among low-income people in large cities the Bridge went to Chicago, where the Legal Aid Bureau is directed by attorney Arthur K. Young. During the congressional hearings on the Douglas "full disclosure" Bill last spring in Washington, Young described the activities of shady credit operators in the Chicago area.

5,000 debt cases

He says that of the 24,000 to 25,000 cases his agency handles in a year, some 5,000 are related to debt. Young has strong opinions on debt, on credit, and on the reasons why so many Chicago people find themselves hopelessly tangled financially. So has Philip J. Murphy, a Bureau staff attorney, who also is an assistant professor of law at Northwestern University.

Young and Murphy cite long lists of used car dealers, furniture stores, credit jewelers, appliance merchants, and sellers of many other kinds of goods and services that operate in the Chicago area on the racket level. Their specialties are pressuring people into buying things they don't want or need; spending more on an item than they can afford or the item is worth; buying second-rate or even worthless goods; and signing contracts calling for extended payments at outrageously high time-payment rates.

The hard sell

These operators are not interested in selling good merchandise; they are interested in *selling*, period, Young says. They will do anything to get a signature on a contract, and the minute a customer misses a payment he finds his wages assigned or garnished.

In the case of a used car, Murphy comments, the dealer says, "Take it, take it! Take it home over the weekend, try it out. Show it to your

The tragic case of William Rodriguez

WILLIAM Rodriguez, a young Chicago man who had a modest-paying job with a large mail order house, found himself in money troubles early in 1960. His solution to his problems has made him something of a posthumous celebrity.

He owed money for a television set, a bedspread, a religious medal and clothing. The total amount of the debt was not large by usual standards, but Rodriguez, who came to Chicago from Puerto Rico, bought three of the articles from sellers who got nasty when payments were missed.

Rodriguez was the kind of man who worries about being in debt, and when two of the creditors garnished his wages and a third threatened to, he became really worried. In February, 1960, he took rat poison and died.

Three of the items he bought were purchased through some kind of misunderstanding or deception. For the television set he had signed a piece of paper he thought was a receipt for taking the set on approval. What he had signed was a sales contract.

Helping a neighbor

In the case of the bedspread the sales method was even more devious. The spread was delivered to his home by someone who said a neighbor had ordered it. The neighbor was not at home, the stranger said, and asked Mrs. Rodriguez to please hold the bedspread for the neighbor. Neighorly Mrs. Rodriguez took the package. It is believed she signed a "receipt" for it, though it was brought out later in court she may have signed nothing.

At any rate, Rodriguez' pay was garnished later by the seller, who claimed Rodriguez was obligated to pay for the item. The bedspread had an actual retail value of \$2.50, but its time-payment price was about \$30.

The religious medal was purchased for his wife at a cost of \$25. Its true value was estimated at 50 cents, and later when Rodriguez decided he had paid too much for it he naively sought to remedy the situation by withholding payments. Garnishment followed immediately.

The only debt he had that did not involve garnishment, a threat, or some shady selling practice, was on clothing he had purchased from his employer's store. Ironically he could have purchased all the other items from the store, too, not only at reasonable prices but at an employee discount.

The point is that he did not want the television set, the bedspread, or the medal, but was pressured and hoodwinked into buying them.

A wife and four kids

Garnishments and threats of garnishments proved too much for Rodriguez, and a coroner's jury ruled his death was a suicide brought on by temporary insanity due to pressure of debts. He left a wife and four children.

The debts over which he killed himself totaled something like \$800, which included excessive time payment charges and gross overcharging for merchandise. Rodriguez feared he would be fired by his employer because of the garnishments, but his boss said after the tragedy that he would not have fired him.

Rodriguez, because he was new in a strange country, did not know he could have gone to his employer for help, or to a lawyer, or to the Legal Aid Bureau. He decided to solve his problems alone.

friends." And if the customer decides during the weekend that he can't afford the car and takes it back, he's reminded of a little piece of paper he signed. He thought it was a receipt—

just a note saying the car was being taken out on approval. But what it really was is a contract stating that the customer was allowed \$200 for his old car, paid \$100 down, and owes

the balance of \$400 in three days.

The three days being up, the customer says he'll have to have credit. Sorry, the dealer says, we checked your credit and it's no good. You'll need a co-signer. If the customer digs up a co-signer, which the dealer knows is unlikely, a time-payment plan is made out. Probably the \$700 car then will cost the customer anywhere from \$900 to \$1,500, when finance, insurance, and other charges are figured in. And probably, Young says, the auto in question really is a \$400 car, not a \$700 one.

\$500 for nothing

If the victim can't find a co-signer he's obligated by the contract he signed to pay that \$400 right now, today. If he can't, he's out his old car and his down payment, he has no new car, and he owes \$400. It has cost him \$500 and his old car to drive the dealer's car for a weekend. This is not a rare occurrence.

Another example: A man who needs a cheap car follows up an ad that sounds like what he wants. The dealer shows him the car, but it's junk. He does, however, have a nice car for say \$325.

He likes the car

The customer looks it over, and likes it. He is told the payments are \$50 a month, and he figures he can afford it. The salesman is helpful and friendly, and the customer makes the mistake of thinking that because he is honest everyone else is honest too. So he's careless. He signs a contract calling for 20 monthly payments of \$50 each. Probably he doesn't notice he's signing for total payments of \$1,000, or if he does notice the figures he doesn't think about them very much. His eyes are on the car, and the pleasant salesman gives him little time to think about anything else.

So the man has bought a \$325 automobile, worth probably \$200, and signed up to pay \$1,000 for it. Later, even if he suspects he's been cheated or at least overcharged a little, he continues to make those payments, because if he doesn't they'll take the car away and he'll still owe the balance of the \$1,000. He signed a statement to that effect, too.

It doesn't make any difference that he was careless, or conned into making a foolish deal. He will have to

make those payments. The Legal Aid Bureau sees a lot of cases like him.

It isn't only used cars, Murphy says. It's jewelry, dance lessons, vacuum cleaners, roofing, siding, house improvements, and many other things.

'Schlock shops'

The shady merchants—"schlock shops," they're called—specialize in selling to the low-income, uneducated segment of the population. This is not to say that only poor, uneducated, underprivileged people are gyped by shady merchants. These are the people that call on Legal Aid organizations, but Young says many a person in the high-income brackets is caught by a shady used car dealer or some other slick operator.

Schlock shops and their methods are despised by legitimate merchants, who are the majority of merchants, of course, and by Legal Aid societies, Better Business Bureaus, and practically everybody but the operators themselves. The operators, on the other hand, defend their position by saying they sell to people who can't buy on credit anywhere else. People have to have clothes for their kids, they say, and if they can't buy them from us, where can they?

It is not clear, however, how this reasoning applies to crooked used car dealers.

The Chicago Legal Aid Bureau has no hard and fast rule on eligibility; it sets up a budget for applicants, including food, housing, clothing, and other necessities, and balances this against income and debts. If it's obvious the client can't afford legal help, he gets it. The agency will do "debt pooling" for clients, but Young says it does so rarely because few of the families have enough income to pool.

Can't help some

"Actually there isn't a lot we can do for many of these people," he says. "We try to make adjustments for them, get their payments reduced if possible, and if they've been hit with illegal wage assignments or garnishments, we fight their cases through for them."

"But we are very careful about putting them through bankruptcy."

Young, like other Legal Aid officials, feels there is a danger of people using bankruptcy as an easy way out of all their troubles. "Of the 5,000 or so cases a year we handle involving debt, we suggest bankruptcy in only 25 or 30 cases. Before we start them in bankruptcy we send them to the city social service department, where a social worker goes over their problems to see if there isn't a better way out."

Some cases refused

The office refuses to handle some cases, he says, including people who have been through bankruptcy and have not learned their lesson from it, and "pathological spenders."

Murphy, discussing the effects of hard-sell advertising, high-pressure sales methods, and easy credit on people of low income and low education levels, says "these are poor, uneducated people, many from down South or from foreign countries. They are deprived people who never before saw all the shiny, attractive things they can buy in Chicago—and anybody can buy as much as he wants of anything in Chicago, on credit. Unscrupulous sellers know about the child-like yearning of these people, and they are skilled in taking advantage of it."

"We see the end result of all this," Young says. "We do what we can, and we try to tell people not to be so eager to buy. But it's an emotional thing; it's like telling an alcoholic not to take a drink. We tell them to be sure they know what they're signing, but we know we're not getting anywhere. It isn't only poor people, you know, who sign things without reading them."

"Yes," Murphy adds, "our advice and warnings aren't nearly as exciting as the ads and offers of easy credit."

Ads more exciting

Young and Murphy say responsibility must be placed on the seller or lender of money so that he will be more careful about giving credit. Some of the sting must be taken out of collection laws, they say. Laws that allow a man's wages to be taken away from him by creditors make it impossible for him to earn money to pay his bills.

LINCOLN

He had his debt troubles and was never a wealthy man

(Continued from page 16)

rapidly improved. Two years after his failure in the election of 1832, he ran again and was elected to the legislature. He served four consecutive terms. He was admitted to the bar in 1836 and began the practice of law in 1837. His reputation and his income rose steadily, and he apparently paid off "the national debt" by 1844. At that time he had accumulated \$1,200 which he put down on the house he bought for himself and his wife, whom he had married in 1842.

As a legislator in 1834, Lincoln was entitled to a salary of \$3 a day and an additional \$3 for each 20 miles of travel. Two years later the legislators voted to raise the figures to \$4. In his first session Lincoln received salary for 75 days and \$33 for travel expenses, a total of \$258. In the second session he collected \$129 salary and \$33 for travel. When the remuneration was increased in 1836, Lincoln received \$368 for salary and \$44 for travel in his first session. But by the second session of his second term, he was practicing law as well; and from then on, time spent in the legislature represented time lost from his law practice, therefore probably a net loss financially.

Buys a house

Lincoln and his wife lived in rented rooms for more than a year, before buying a house. They boarded at a place called the Globe Tavern where room and board cost \$4 a week. Since his income was now running between \$1,500 and \$2,000 a year, this modest scale of living was probably caused by the effort to get "the national

debt" paid off and give his father financial assistance. For several years, Mrs. Lincoln did most of the cooking and housework, even though this was a time when household help was cheap—a girl would be paid \$1.50 a week for housework. Lincoln cared for his own horse, kept a cow and milked it himself, and cut his own firewood.

Attorney's fees did not run high in those days. The books of the three firms with which Lincoln was associated between 1837 and 1861 show many fees of \$2.50, \$5.00 and \$10.00. Lincoln handled many collection suits, especially during the panic of 1837, and the record shows one in which he collected \$350, charging a fee of \$20. On another occasion he collected \$640.35, and charged the same fee—\$20. Even for cases in which Lincoln represented clients before the state Supreme Court, fees might run as low as \$10, and \$20 was apparently average.

His largest fee

The largest fee Lincoln ever charged was \$5,000, and he had to sue his client, the Illinois Central Railroad, to collect it. He had won a crucial case for the railroad, protecting it from taxation by counties which could have been ruinous. Judgment was rendered in Lincoln's favor, and when the railroad still delayed paying the fee, Lincoln had an execution issued to the sheriff of McLean County to seize railroad property and sell it to satisfy the debt. At this point, the railroad paid the fee. A month later, the panic of 1857 struck the country, and if the judgment had not been paid when it was, Lincoln might have gone on to the White House still without his fee.

He was not interested in land speculation or eager for riches; he was satisfied to live on a modest scale, and money was of interest to him mainly for its use in politics. He was elected to Congress in 1846 and served one term. As a leader of the Whigs in Illinois in 1848, Lincoln supported Zachary Taylor for the presidency, and when Taylor was

elected, Lincoln expected a good appointment. He was offered the governorship of Oregon Territory, but it wasn't what he wanted, and at this point he retired from political activities for several years. When he returned to the arena, it was to oppose Stephen A. Douglas and his followers on the question of slavery in the territories.

But although Lincoln was not interested in money matters, his law practice led him gradually into money lending. When he accepted a client, it was his practice to require the client to sign a note; then when the case was closed, he would submit his bill. He advised young lawyers never to accept a fee before completing a case, because, he said, once he has collected his fee, a lawyer tends to relax. There are six cases on record where Lincoln sued to collect his fee, including one in which he defended a man against a murder charge. The man was acquitted, he turned over to Lincoln a ninety-day note for \$200, and finally paid up six years later.

Lincoln's larger loans were investment loans to clients, friends and acquaintances in Springfield. He made these loans at 10 per cent, which during the 1850's was the legal rate in Illinois. He made a loan to Nathanael Hay, a client of his who ran a brickyard; the amount was \$200. Later he loaned \$500 to John Hay, secured by a mortgage. He loaned \$300 to a cabinet maker named Ruckel, \$500 to the cabinet maker's brother, \$600 to a farmer named Cantrall, something around \$2,750 to his brother-in-law Ninian Edwards, \$500 to a blacksmith named Sidener, \$600 to a bricklayer named Lindsay, and so on. While he was President, he made two small loans—\$380 to a watchman in the White House, and \$260 to a young law student in his old office. Neither of these was ever collected. In fifteen years, Lincoln made loans totalling over \$12,000 and collected over \$2,000 in interest.

\$15,000 estate

When Lincoln entered the White House in 1861, his estate was valued at \$15,000. During his tenure in the presidency, it grew to \$85,000, mostly by savings from his \$25,000 salary. When the assassin's bullet struck him down, his affairs were found to be in reasonably good order, but like many lawyers, he had never written a will.

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New CUMIS general manager advises credit unions on liability insurance

(Continued from page 18)

A. Yes, I will say that every credit union needs workmen's compensation.

Let me give you an example of how the exposure may be created. A credit union member goes to a meeting of some sort, representing the credit union. He has in the trunk of his car some display material and some other things like that. As he unloads these things out of his trunk, a newsboy is standing near, and he says to the newsboy, "Would you carry these things up to the mezzanine for me?" and he hands the newsboy two dollars. The newsboy is now employed by the credit union, and if he is injured, workmen's comp would cover it. In the absence of workmen's comp, the credit union is wide open for a law suit. Here is an example of where a member, not an employee, can expose a credit union to a workmen's compensation loss.

Q. I suppose there is no question about the need for accounts receivable protection. Have you run into any examples of credit unions whose records were destroyed by fire?

A. No, I haven't personally, but I have already found one whose records were seriously damaged by a sprinkler system. Of course we know that there have been credit unions that have had fires; in fact I have heard of one that was forced to liquidate with a heavy loss to shareholders.

I should point out that account ledgers do not come with the definition of property under the 576 bond, so you are not protected for the loss of these ledgers when you buy your bond. You need insurance for that.

Also, we can provide protection for these credit union records when they are taken out of the credit union office for any normal purpose.

Q. What are the risks in connection with automobiles that you are covering?

A. We find very few credit unions own their own cars, but they do use cars in various ways which involve risk. Some occasionally rent a car or bus. Most authorize their officers or employees to drive their own cars on credit union business. The credit union may incur liability in any accident occurring in these situations.

Also, many credit unions repossess an automobile occasionally. Whether you tow or drive a repossessed car, there may be an accident involving bodily injury or property damage. I think we should stress the fact that many cars, when they are repossessed, are no longer in first class physical condition. They have often not been maintained properly. The brakes may be bad, the lights may be defective, and so on. You should really think twice before driving such a vehicle at all, and you certainly should be adequately insured.

Q. Then there is contents insurance—that protects against loss of furniture and equipment through fire, doesn't it?

A. Yes, or any calamity. As I mentioned before, we do not make any deductions for depreciation, although most companies pay claims on the basis of the actual cash value of the equipment that has been destroyed. For example, the cash value of a typewriter may be \$40, but its replacement value may be \$140. We would pay \$140.

Also, the fact that we cover borrowed equipment is unusual. Commercial contents insurance does not provide this protection, and this illustrates why it is desirable to develop a program tailored to credit unions. The smaller credit unions undoubtedly borrow equipment more than other financial institutions, and you probably have more credit union officers who do their work at home with a borrowed adding machine than you would have in other financial institutions.

Q. How much does an adequate liability program cost a credit union?

A. It's impossible to quote any exact figure, because exposures vary so much, but in general it can be said that this kind of insurance is not expensive.

Q. What kind of staff do you need to run a company like this?

A. At the moment, I wear half a dozen hats. I'm the general manager, the sales manager, the rater, the policy writer and so on. However, as we expand, we will have to add staff. The first addition, I think, would be a rater. Next would come a policy writer. After that, as we go into new territories, we would begin to need field representatives.

Q. You've been in this field, yourself, for about twenty years, I believe.

A. Yes, I began in 1940 as an employee of the Fire Insurance Rating Bureau in Milwaukee, where my duties included auditing, rules and form review, engineering inspection and rate promulgation. In 1948 I joined the Aetna Insurance Group as special agent for Wisconsin. In 1953 I became a partner in a managing general agency, which managed fire and casualty companies in Wisconsin, the George J. Leonhard General Agency. When this agency merged in 1958 with the St. Paul Companies, I became Wisconsin manager.

Q. There is a wild rumor going around that you are married and have nine children.

A. It's true.

NOW: A MAGAZINE FOR CREDIT UNION MEMBERS

For years the credit union movement has talked about the need for a magazine edited for credit union members—to tell them how to use their credit union, to explain credit union philosophy, to provide information on family financial problems.

Each year the January Bridge has tried to meet this need, on a once-a-year basis. Sales of the January Bridge have increased each year. This year there were more than 545,000 copies sold for distribution to members, over and above the regular year-round 60,000 circulation.

It looks as if the time is ripe to try a membership magazine that will come out around the year. So the staff of The Bridge will be mailing out, in a month or so, sample copies of a new magazine for members. It will be digest size. It will be issued four times a year. It will be sold in bulk to credit unions for 25 cents a year per member. In other words, a credit union with 500 members can buy four copies a year for each member for \$125. It will be called—

EVERYBODY'S MONEY

Box 431

Madison, Wisconsin

IN THE NEWS

(Continued from page 9)

Because efforts have failed to make the **National Credit Union Management Conference** a part of the organized movement, CUNA has announced it will launch an expanded program of special services to large credit unions.

These services will include an international management conference this year. On recommendation of a special CUNA study committee, the CUNA executive committee instructed management to prepare, in consultation with leagues and a special CUNA committee, "an immediate program to provide special services to the larger credit unions, to be conducted through the leagues and carried out on such international or regional basis as may give most effect to this program."

The executive committee acted after several months of unsuccessful negotiations with NCUMC that ended when the NCUMC steering committee refused to go along with a CUNA proposal that would have brought its annual conference within the democratic structure of the organized credit union movement.

The Cadillac Club, as NCUMC is commonly known, is the informal conference started in 1949 to give credit unions with more than \$1 million in assets a chance to discuss mutual problems. The Cadillac Club's steering committee announced last fall the intention to incorporate the organization, even though its participants had voted against incorporation. CUNA president Julius Stone then appointed a special CUNA committee to discuss these incorporation plans with the steering committee, and negotiations broke down when the two groups could not agree on a plan that would make incorporation unnecessary.

Under the NCUMC steering committee's plan only the five permanent members of the committee would be voting members in the proposed incorporated organization. The special CUNA study committee's position is that its proposal for setting up an educational foundation for work in credit union management was designed to go as far as CUNA could go

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.....

toward getting NCUMC into the organized movement.

"This proposal proved unacceptable to NCUMC. Conference spokesmen have insisted they wish to incorporate, and have not accepted any proposals that would tend to bring their group into structural relationship with the organized movement. They have asked for a liaison connection, which would give them official standing but involve them in no responsibility. We could not agree to this."

Though it acknowledged that NCUMC has met a real need for

large credit unions, the CUNA committee pointed out that a new, formal organization could be extremely dangerous because "two organizations could be speaking in the name of credit unions to the press and to legislatures."

The CUNA committee said it wished "it were possible to reach an agreement with leaders of NCUMC, but since this has proved impossible up to this date, we must proceed with our own program." Immediately after the CUNA executive committee voted to expand CUNA's program for large credit unions, President Stone in-

vited the five members of NCUMC's steering committee to accept places as individual credit union leaders on the special committee that will set up the expanded CUNA program.

The CUNA Mutual Insurance Society has announced to credit unions that rates on temporary disability will have to be raised. The disability coverage, which was offered as an endorsement to the loan protection policy in 1959, has been popular with the credit union movement, but claims have run higher than expected, and the rate will be increased from 1 cent to 3 cents per hundred.

A need for decentralization as means for promoting more active participation of districts in the credit union movement was discussed during the February meeting of the CUNA planning committee.

Proposals were made for limiting the size of the CUNA board and even eliminating election of officers from CUNA annual meetings to allow more time and attention for discussion of credit union development.

CUNA President Julius Stone said "we are faced with more problems than we can solve in our traditional leisurely procedures. The districts undoubtedly are going to play a larger part from now on." He said district meetings are small enough so active participation is possible for all who attend, and they are convenient and relatively inexpensive.

He asked that districts be provided materials and whatever they need to make them "effective town meetings of the international credit union movement." The 12 districts of CUNA now elect the vice-presidents of the organization, and one proposal calls for election of other officers of CUNA by the executive committee itself, as is done in credit unions.

Full discussion of ideas for improving representation is called for at district meetings this spring. Some proposals ask, in effect, for a bicameral system; others would merely change the number of members qualifying a league for additional delegates to international meetings. Details of proposals are going to districts soon for discussion at their meetings.

CUNA Supply is changing its

The Credit Union Bridge

to the supervisory committee:



let's make account verifications more effective!

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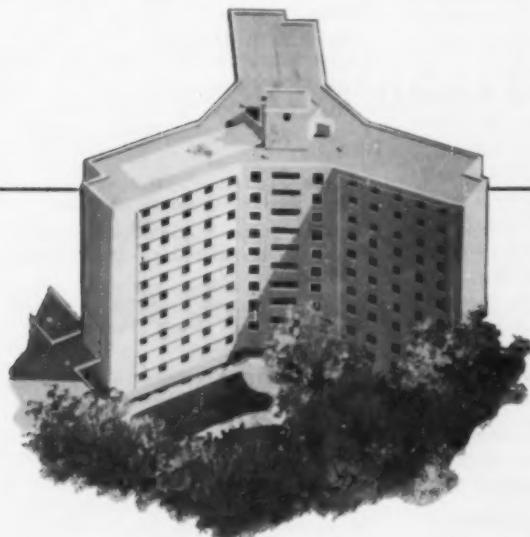


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ONLY the CUNA School offers you the experience of eight years of faculty and curriculum development.

Only the CUNA School brings you to the international headquarters of the credit union movement.

Only the CUNA School lets you work and live with more than 200 credit union people from all over the world.

Only the CUNA School provides the bonus of free counseling and testing services on a completely confidential basis.

PLAN NOW to enroll this year in the original credit union summer school. This **UNIQUE** opportunity is **YOURS** for the continuing low **TUITION** of only \$160.00 including Room and Board.

BE SURE to talk with any of the more than 200 CUNA School Graduates. Let them tell you about this wonderful experience.

CUNA GRADUATE PROGRAM

AUGUST 13-19 For CUNA School Graduates ONLY

A one week "refresher" course offered for the first time in 1961. Bring yourself up-to-date on recent trends and developments. Broaden your knowledge. Meet the finest graduates in the world. Complete cost \$100.00.

FOR FURTHER DETAILS MAIL THIS COUPON TO

CUNA Education Department
Credit Union National Association
Box 431, Madison, Wisconsin

NAME _____

CREDIT UNION _____

ADDRESS _____



I am a graduate of the Class of 19____ and am interested in receiving details of the Graduate Program

"bugs"—the little union insignia that appear on forms, posters, pamphlets, and other printed matter.

Until recently CUNA Supply materials carried the bug of the typographical union. Last fall eight employees who run the offset presses that print most of CUNA Supply material voted to join the Amalgamated Lithographers union and drop their membership in the typographical union.

To make the change in bugs CUNA Supply will gradually, during the next year, replace hundreds of plates at considerable cost, and eventually all material produced by members of the lithographers' union will carry its bug, and material produced by employees still members of the typographical union will carry its own bug.

Recently some forms were shipped from CUNA Supply's warehouse carrying neither bug, alarming some customers who feared CUNA Supply had lost its traditional happy relationship with the labor movement. The situation was corrected quickly, and all material in the future will carry one bug or the other. CUNA Supply is completely unionized.

More than fifty United States senators and representatives attended CUNA's biennial Congressional Dinner in Washington February 8 despite a five-inch snowstorm that threatened to halt traffic.

The heavy snow forced many congressmen to cancel their plans to attend. Earlier in the week some 600 tickets had been issued, but actual attendance was about 390, indicating that many congressmen and some credit union people couldn't get to Washington and were unable to attend.

The small turnout, and the apparent fact that many leagues did not invite their congressmen to the dinner, caused some discussion by the legal and legislative committee about the merits of holding this dinner. But it was agreed that it could accomplish much for the credit union movement if all the leagues can be encouraged to take an active part.

* * *

All federal credit unions have been asked by the Bureau of Federal Credit Union to help with a study of loan purposes. Loans made during 1961

will be analyzed. The last previous study of loan purposes was made in 1956.

* * *

A bill to limit interest rates on loans in Canada to 12 percent has failed in the House of Commons. A bill to require full disclosure of interest rates remains to be acted upon.

IN THE MAIL

Postal Savings

To The Editor:

I wish to call to your attention to a glaring error in an article in the January issue of your magazine.

On page 18, the title "savings Accounts," the second paragraph states that interest earned on postal savings is not compounded automatically. It also states that a patron must call for his interest and buy new certificates or it will lie idle and cease to work for you.

These statements are in error. Since September, 1954, a new system was inaugurated by which holders of Postal Savings could transfer their certificates into a new type under which the interest automatically compounds on full dollar amounts. It is no longer necessary for patrons to come to the postoffice every year and renew their certificates.

I am a postal savings clerk. We have been trying to eradicate this kind of misunderstanding from the minds of postal patrons. And while it is true that 2 percent interest is not high, many patrons welcome the fluidity of their savings under the Postal Savings system whereby they can draw all or any part of their savings at any time without trouble. It seems to be a particularly useful account for older people who face sudden and unforeseen emergencies, and they aren't forced to give a six-month notice or pay a rate of interest on borrowed money that is higher than their money is earning to cover the cost of such emergencies.

I wonder where your editor has been for the last five or so years. Otherwise, a very informative issue.

Carl F. Johnson
Burlington, Iowa

COMING EVENTS

March—**Second District** meeting, Moncton, New Brunswick.

March 24—**Ontario** Credit Union League annual meeting, Royal York Hotel, Toronto.

March 3-4—**North Dakota** Credit Union League annual meeting, Memorial Building, Jamestown.

March 9-11—**Tenth District** meeting, Arlington Arms Motel and League Building, Columbus, Ohio.

March 10-11—**Third District** meeting, League Building, Jamestown, North Dakota.

March 10-11—**Sixth District** meeting, Curtice Hotel, Minneapolis, Minnesota.

March 10-11—**Eighth District** meeting, Buena Vista Hotel, Biloxi, Mississippi.

March 11—**Connecticut** Credit Union League annual meeting, Hotel Statler-Hilton, Hartford.

March 11—**Quebec** Credit Union League annual meeting, Queen Elizabeth Hotel, Montreal.

March 11-12—**Fourth District** meeting, Sheraton-Palace Hotel, San Francisco, California.

March 11-12—**Fifth District** meeting, Albert Pick Motel, Bridgeton, Missouri.

March 17-19—**Arizona** Credit Union League annual meeting, Pioneer Hotel, Tucson.

March 17-18—**Rhode Island** Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence.

March 18-19—**Seventh District** meeting, Lakeside Lodge, Chattanooga, Tennessee.

March 19—**Jamaica** Cooperative Credit Union League annual meeting, Kingston.

March 23-25—**Credit Union League of Alberta** annual meeting, Palliser Hotel, Calgary.

March 24-25—**Mississippi** Credit Union League annual meeting, Robert E. Lee Hotel, Jackson.

March 24-25—**New Mexico** Credit Union League annual meeting, El Rancho Hotel, Gallup.

March 24-25—**Ninth District** meeting, DuPont Hotel, Wilmington, Delaware.

March 24-25—**Texas** Credit Union League annual meeting, Statler-Hilton Hotel, Dallas.

April 6-9—**Kansas** Credit Union League annual meeting, Towne House Hotel, Kansas City.

April 7-8—**Illinois** Credit Union League annual meeting, Hotel Sherman, Chicago.

April 7-9—**New Jersey** Credit Union League annual meeting, Ambassador Hotel, Atlantic City.

April 7-9—**South Dakota** Credit Union League annual meeting, Sheraton-Johnson Hotel, Rapid City.

The Credit Union Bridge



who says your credit union can't be sued?

IT CAN! Because your credit union is a corporation under the law. This means that it can be sued for accidents involving bodily injury and property damage. It is possible that any or all of your credit union's assets could be seized on court order to satisfy a judgment. If you don't know what protection you now have against these hazards, you owe it to your members to consider these suggestions:

- Determine whether or not the insurance carried by your parent company covers your credit union for general liability and workmen's compensation.
- If your credit union is not protected, obtain details on these important coverages from CUNA Insurance Services Department.

YOU NEED THIS PROTECTION

COMPREHENSIVE GENERAL-AUTOMOBILE LIABILITY INSURANCE

Covers substantially all hazards in credit union operations, including annual meetings, board meetings, picnics, etc. It covers legal liabilities, including your credit union's legal obligation to pay losses or expenses due to: bodily injury, sickness, or disease, including death sustained by persons other than employees; damage to or destruction of property, including loss of property by accident. It also covers your credit union's cost of defending suits, the expenses of witnesses and experts, attorneys' fees, court costs, and other reasonable expenses in connection with the suit.

AUTO LIABILITY COVERAGE

to protect the credit union against losses resulting from the use of all owned, non-owned, and repossessed automobiles, on or away from the credit union premises. Cov-

erage is automatic for all hazards not specifically exempted, and includes all credit union operations in all localities.

WORKMEN'S COMPENSATION INSURANCE

provides for prompt payment of all compensation and other benefits legally required of the insured employer. Requirements are contained in the Workmen's Compensation Act of each designated state or territory of the United States and the District of Columbia, and in the provinces of Canada. The policy provides for death benefits, medical benefits, and compensation benefits to eligible employees, and protects your credit union as the employer in many ways. (Coverage is not available in states having monopolistic funds—Arizona, Nevada, North Dakota, Ohio, and West Virginia.)

(The information contained in this ad in no way alters the terms of the contracts.)

Write for complete details on all of these coverages. To obtain a premium quotation, fill in and mail the form below:

PREMIUM QUOTATION REQUEST FORM

FOR LIABILITY INSURANCE

Location of credit union office _____
 No. square feet _____ Street frontage _____ No. stories _____
 Do you rent space in building to others? _____
 Nature of their business _____
 Describe any elevators or escalators operated by credit union _____
 No. of persons whose duties involve use of automobiles for credit union business _____
 Average number of automobiles repossessed each year _____
 Does your credit union own an automobile? _____
 Do you give away advertising novelties or souvenirs? _____

FOR WORKMEN'S COMPENSATION

Number of employees (part time and full time) _____
 Annual payroll paid by credit union \$ _____
 Your name and title _____
 Name of credit union _____
 Address _____

MAIL TO

CREDIT UNION NATIONAL ASSOCIATION

Insurance Services Department, Box 431,
 Madison, Wisconsin or Box 800, Hamilton, Ontario

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Please send me further information on your "Coin Cards".

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April 7-8—**Washington** Credit Union League annual meeting, Olympic Hotel, Seattle.

April 7-8—**West Virginia** Credit Union League, annual meeting Hotel Daniel Boone, Charleston.

April 13-15—**South Carolina** Credit Union League annual meeting, Wade Hampton Hotel, Columbia.

April 13-15—**Virginia** Credit Union League annual meeting, Hotel John Marshall, Richmond.

April 13-16—**Pennsylvania** Credit Union League annual meeting, Penn Sheraton Hotel, Pittsburgh.

April 14-15—**Arkansas** Credit Union League annual meeting, LaFayette Hotel, Little Rock.

April 14-15—**Georgia** Credit Union League annual meeting, Dinkler-Plaza Hotel, Atlanta.

April 14-15—**Iowa** Credit Union League annual meeting, Savary Hotel, Des Moines.

April 14-15—**Oregon** Credit Union League annual meeting, Eugene Hotel, Eugene.

April 14-16—**District of Columbia** Credit Union League annual meeting, Statler-Hilton Hotel, Washington.

April 15—**Vermont** Credit Union League annual meeting, Burlington.

April 20-22—**Nebraska** Credit Union League annual meeting, City Auditorium, Alliance.

April 20-23—**Michigan** Credit Union League annual meeting, Statler-Hilton Hotel, Detroit.

April 20-23—**Ohio** Credit Union League annual meeting; Veterans' Memorial Hall, Deshler-Hilton Hotel, Neil House Hotel; Columbus.

April 21-22—**Colorado** Credit Union League annual meeting, Adams State College, Alamosa.

April 21-22—**Minnesota** League of Credit Unions annual meeting, Kahler Hotel, Rochester.

April 21-22—**Tennessee** Credit Union League annual meeting, Hotel Patten, Chattanooga.

April 21-23—**Hawaii** Credit Union League annual meeting, Baldwin High School, Wailuku, Maui.

April 22—**New Hampshire** Credit Union League annual meeting, Community Club, Berlin.

April 27-29—**Oklahoma** Credit Union League annual meeting, Biltmore Hotel, Oklahoma City.

April 28-29—**Delaware** Credit Union League annual meeting, Cavalier Club, Wilmington.

April 28-29—**Idaho** Credit Union League annual meeting, Shore Lodge, McCall.

April 28-29—**Massachusetts** CUNA Association annual meeting, New Ocean House, Swampscott.

April 28-29—**North Carolina** Credit Union League annual meeting, George Vanderbilt Hotel, Asheville.

April 28-30—**Louisiana** Credit Union League annual meeting, Buena Vista Hotel and Motel, Biloxi, Mississippi.

April 29—**Maryland** Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore.

May—**Twelfth District** meeting, Montreal, Quebec.

May 7-14—**CUNA and affiliates'** annual meetings, Queen Elizabeth Hotel, Montreal, Quebec.

May 20-21—**Wyoming** Credit Union League annual meeting, City-County Building, Casper.

May 26—**British Honduras** Credit Union League annual meeting, Belize.

June 1-4—**New York** State Credit Union League annual meeting, Laurels Country Club, Monticello.

June 16-17—**Alabama** Credit Union League annual meeting, Admiral Semmes Hotel, Mobile.

June 16-17—**Montana** Credit Union League annual meeting, Montana Hotel, Anaconda.

June 19-23—**British Columbia** Credit Union League annual meeting, Nelson Civic Centre, Nelson.

September 15-16—**Wisconsin** Credit Union League annual meeting, Schroeder Hotel, Milwaukee.

September 21-23—**Florida** Credit Union League annual meeting, Diplomat Hotel, Hollywood-by-the-Sea.

September 28-30—**Indiana** Credit Union League annual meeting, Sheraton Hotel, French Lick.

October 1-3—**New South Wales** Credit Union League annual meeting, Sydney.

October 13-15—**Kentucky** Credit Union League annual meeting, Kentucky Hotel, Louisville.

October 19—**Fiji** Credit Union League annual meeting, Yavulo, Sigatoka.

November 16-19—**Missouri** Credit Union League annual meeting, Sheraton-Jefferson Hotel, Saint Louis.

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POSITION WANTED: 29-year-old father, honest, experienced, energetic, efficient and service minded seeks affiliation with growing or ready-to-grow credit union. Experienced all categories of credit union management. Write Box A78, Credit Union Bridge, Madison, Wisconsin.

POSITION WANTED: Manager of \$2 million industrial credit union with six years' experience wants to relocate. Age 36, married, three children. Fourth year CPA student. Available immediately. References on request. Write Box A79, Credit Union Bridge, Madison, Wisconsin.

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Also, a few bound volumes for earlier years are still available. We have 12 volumes for 1959; 14 for 1957; 2 for 1956, 13 for 1955, 3 for 1951, and 1 for 1948. First come, first served. Send your check to The Credit Union Bridge, Box 481, Madison, Wisconsin.

The Credit Union Bridge

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WHAT IS CUNA MUTUAL



CUNA Mutual Insurance Society was born out of the realization by credit union pioneers that a special type of life insurance service was necessary for the welfare of members and the growth and stability of credit unions.



The Society was created as the credit unions' own life insurance company to insure that such service would be provided on the basis of the credit union philosophy of service as well as on sound life insurance principles.



The objective of CUNA Mutual has been to provide life insurance which would strengthen credit unions and their members. It helps credit unions to achieve their prime purpose of providing loans for good purposes by insuring that the debts of borrowing members will not be left for the family or friends to pay.



It has encouraged the habit of thrift by providing Life Savings coverage through which members can earn life insurance equal to their savings. It has heightened the value of credit union membership generally by providing various individual life insurance coverages through which members can provide beyond their own lifetime for the security of their families.



The availability of these services through CUNA Mutual as a benefit of credit union membership has been a strong stimulus for credit union growth and the strongest factor in achieving a united credit union movement.



Because CUNA Mutual serves only credit unions and their members, its potential for progressively greater service rests primarily on the continued growth and expansion of the credit union idea. Therefore as an integral part of the credit union organization, CUNA Mutual Insurance Society has both moral and practical responsibility to extend and strengthen the scope and influence of credit unions.

*Excerpted from President MacDonald's report to the Board of Directors,
CUNA Mutual Insurance Society, February 1961, Washington, D.C.*



CUNA MUTUAL INSURANCE SOCIETY

MADISON, WISCONSIN

HAMILTON, ONTARIO

